FINANCIAL INFORMATION

2017

Including the

Consolidated financial statements

for the period of 6 months ended as at 30 June 2017

(Unaudited)

ORCO PROPERTY GROUP S. A. * Société Anonyme * 40 rue de la Vallée, L2661 Luxembourg

R. C. S. Luxembourg – B 44.996

SUMMARY

Orco Property Group | Société Anonyme | 40 Rue de la Vallée, L-2661 Luxembourg RCS Luxembourg B 44996

Management Report as at 30 June 2017

ORCO PROPERTY GROUP, société anonyme (the **"Company"**) and its subsidiaries (together the **"Group"** or **"OPG"**) is a real estate group with a major portfolio in Central and Eastern Europe. It is principally involved in the development of properties for its own portfolio or intended to be sold in the ordinary course of business. The Company is a subsidiary of CPI Property Group (also as **"CPI PG"**, which indirectly holds approximately 97% of the Company shares.

The Company is a joint stock company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg.

The Company's shares are listed on the regulated markets of Luxembourg Stock Exchange and Warsaw Stock Exchange[1].

[1] The trading of Company's shares is suspended on both stock exchanges.

MESSAGE FROM THE MANAGEMENT

Message from Management 2017 HY

Dear Shareholders,

During the first half of 2017, the Company has continued to streamline its structure and optimise its operations. Following major transitions over the past years, the Company has come a long way in terms of adjusting its long-term strategy for the future. This year, the management successfully completed the renegotiation of terms for a major development project and disposed of non-core assets.

In line with Company's approach to withdraw from holding of assets in certain regions, the disposal of the office building in Capellen, Luxembourg was completed and the building was sold to a private investor in January 2017.

The Company has seen significant changes in net valuation gain and therefore a potential material impact on the property value during the first half of 2017. The revaluation gain of EUR 69.4 million relates to two land bank projects located in Prague, Czech Republic. The fair value increased for Bubny by EUR 56 million and for Pragovka by EUR 13.4 million.

In June, the Company and Unibail-Rodamco entered into documentation modifying parameters of a development joint venture located in the Bubny area in Prague. The agreed modifications include, the increase of the Company's shares in the joint venture from 20% to 35%, certain governance rights as well as modifications of the timeframe and parameters of the joint venture.

Revenue decreased year on year to EUR 1.2 million for the first six months of 2017 compared to EUR 3.5 million over the same period in 2016 (-66 % y-o-y). This decrease relates primarily to the disposal of the Na Porici and Hradcanska projects in November 2016 (net decrease of EUR 1.6 million) and Capellen in January 2017 (net decrease of EUR 0.9 million).

The Company was also integrated into CPI Property Group and one of it roles is to function as an intergroup financing vehicle to the entities within CPI Property Group. As of 30 June 2017, the outstanding balance of the provided loans amounted to EUR 495 million.

During the Annual General Meeting in May, the Company's shareholders approved the statutory and annual accounts in addition to the financial results for the year ending 31 December, 2016. The meeting also appointed Mr Jiri Dedera, Mr Edward Hughes and Mr Erik Morgenstern to the Board of Directors of the Company until the next Annual General Meeting to be held in 2018. Mr Jiri Dedera was also elected Managing Director of the Company.

We are of the view that in first half of 2017, the Company achieved the progress in its transformation to a more efficient, consolidated framework with operational development remaining the key factor for the rest of the year and 2018.

Jiri Dedera,
CEO & Managing Director

FIRST HALF 2017 AND POST-CLOSING KEY EVENTS

Annual General Meeting of Shareholders

The annual general meeting of the shareholders of ORCO PROPERTY GROUP (the "Company") was held on 24 May 2017 in Luxembourg (the “Annual Meeting"), with approximately 97.35% of the voting rights present or represented.

The Annual Meeting approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2016, as well as the allocation of financial results for the financial year ending 31 December 2016. The Annual Meeting further granted a discharge to the members of the Company's Board of Directors as well as to the auditors for the performance of their duties during the financial year ending 31 December 2016. The Annual Meeting also resolved to appoint the following persons as members of the Company's Board of Directors as of the date of the Annual Meeting and until the annual general meeting of 2018 concerning the approval of the annual accounts for the financial year ending 31 December 2017: Jiri Dedera, Edward Hughes, and Erik Morgenstern. Jiri Dedera was also elected Managing Director (administrateur délégué) of the Company. The Annual Meeting finally resolved to appoint KPMG Luxembourg as an auditor (réviseur d’entreprises agréé) of the Company until the annual general meeting of 2018 concerning the approval of the annual accounts for the financial year ending 31 December 2017.

Suspension of trading in Warsaw

On 17 Febuary 2017 the Company received a decision of the Warsaw Stock Exchange stating that it suspended trading of the Company shares on the Warsaw Stock Exchange.

Disposal of Office Building in Capellen

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

MARKET ENVIRONMENT

Global macro-economic conditions

Czechia

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

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

Poland

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

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

Selected market focus

Prague office market[2]

In Q2 2017, two new office projects were completed in Prague. New supply included Five (13 400 sqm) situated in Prague 5 and Rustonka R1 (11 300 sqm) in Prague 8. New office supply for the entire H1 2017 thus totalled 31 600 sqm. At the end of Q2, the total modern office stock in the capital city of Prague reached 3 253 000 sqm. New supply will mainly be delivered in Prague 5 (29% of the total space under construction in five projects), followed by Prague 4 (28% in five projects) and Prague 8 (16% in three projects). During Q2 2017, one new project commenced construction. Argentinská Business Centre in Prague 7, with ca. 6 000 sqm of office space, is scheduled for completion by the end of 2018. Demand for office space in Prague remains strong. In Q2 2017, gross take-up reached ca. 152 800 sqm which represents a q-o-q increase of 44% and a y-o-y increase of 36%. The level of renegotiations amounted to 29%, slightly below the Q1 result of 31%. Overall in H1 2017, approximately 258 700 sqm of offices have been leased which represents an annual increase of 26% and the record high H1 result. In Q2 2017, the highest level of leasing activity was recorded in Prague 4 (36% of the total demand) where the largest transaction of the quarter was registered. It includes a pre-completion lease for Moneta Money Bank in BB Centrum A totalling 21 500 sqm. Q2 2017 resultsshow a predominance of professional services companies that were behind 18% of all deals. Tenants from banking sector ranked second with 15% of gross take-up. Due to continued strong net take-up, the Q2 2017 vacancy rate dropped to 8.6% representing a q-o-q decrease of 85 bps. The lowest vacancy rate was recorded in Prague 9 (6.9%), Prague 4 (7.1%) and Prague 2 (7.2%).

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[2] JLL

Czech industrial market[3]

At the end of Q2 2017, the total modern developer-led industrial stock in Czechia (owned by developers and investors) stood at 6.65 million sqm. New supply for Q2 2017 reached 176 300 sqm when 12 buildings was completed with only 0.5% of the space vacant upon completion. In Q2 2017, the countrywide vacancy rate declined slightly to 4.13%. The total volume of space under construction reached 575 100 sqm as of Q2 2017. Total leasing activity (including renegotiations) amounted to 308 800 sqm, gross take-up reached 231 200 sqm. Currently there is 274 600 sqm avaliable for immediate lease, however only seven existing builings offer more than 10 000 sqm within the entire Czechia. Total leasing acitvity (including renegotiations) increased by 3% q-o-q-and decreased by 8% y-o-y. Take-up (excluding renegotiations) decreased by 1% q-o-q and by 11% y-o-y. Pre-leases in Q2 2017 accounted for 55% of total leasing acitivity, followed by renegotiations 25%, expansions 12% and new leases 8%. The cumulative take-up in the last 4 quarters decreased by 3% since Q1 2017.

Warsaw office market [4]

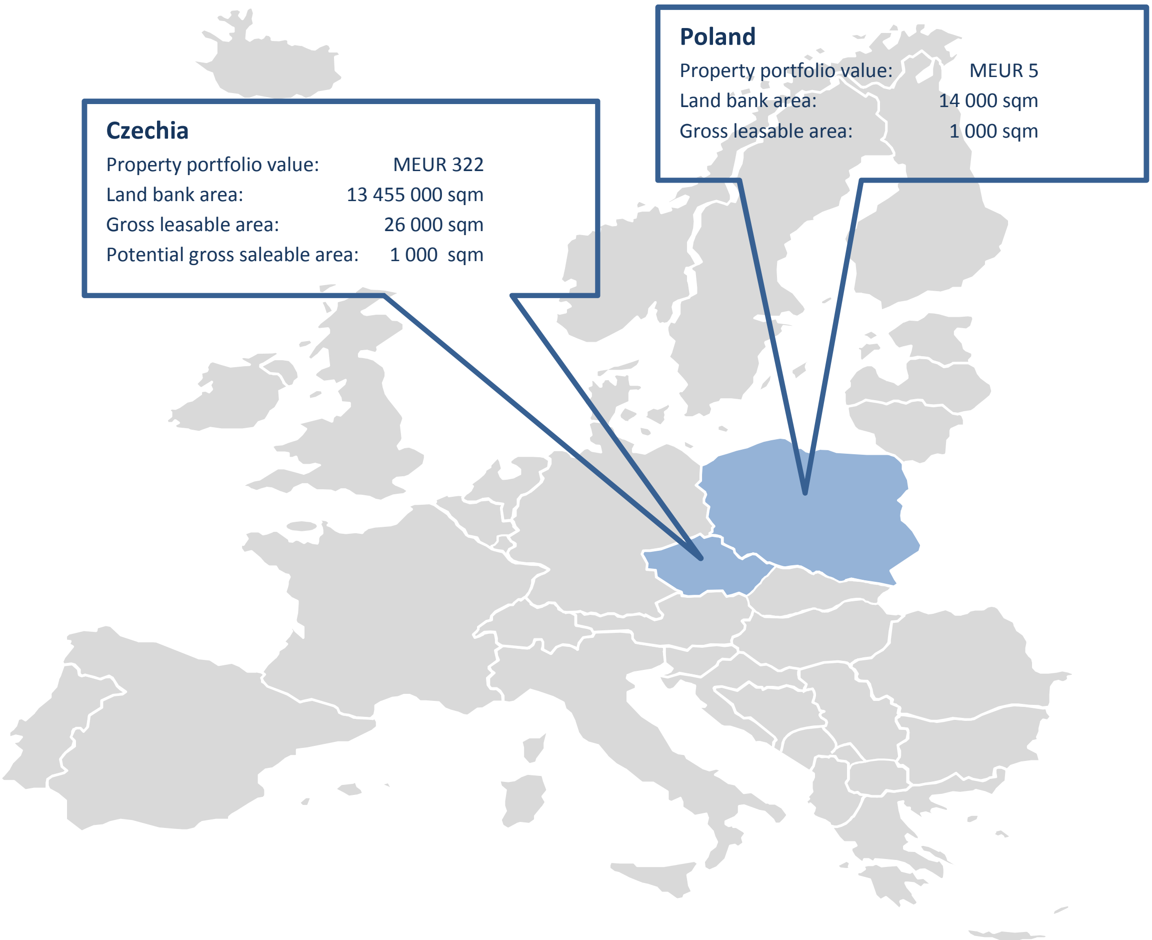
H1 2017 proved to be successful for the Warsaw office market. The supply pipeline contracted compared with the extraordinary 2016, while demand remained robust. As a result, the vacancy rate has stabilised. H1 2017 saw a notablesurge in leasing activity in Warsaw. The total demand in H1 reached 391 400 sqm, which marks a 19% increase compared with the 5yr average. High demand naturally corresponds with sound developer activity. In H1 2017 approximately 131 400 sqm was completed in Warsaw within sixteen buildings. The pipeline for H2 2017 looks set to reach approximately 155 000 sqm (out of which 44% is secured with pre-let agreements), however some developments may be postponed for completion to 2018. Construction activity in Warsaw is quite extensive (approximately 750 000 sqm); however, a large part of that space is concentrated in a few large-scale developments that will be completed in 2019 - 2020. The vacancy rate in Warsaw decreased marginally in H1 2017 and currently amounts to 13.9% (13.2% in central areas and 14.3% outside of it).The vacancy rate is expected to be on a slightly declining curve at least until the end of 2018.

[3] CBRE
[4] JLL

PROPERTY PORTFOLIO

Total Property Portfolio

The Group is concentrating on long-term investments and the lease of real estate, mainly in the Central European region. The activities of the Group are focused on an extensive portfolio of land plots throughout Czechia and Poland. The Group owns rental income generating properties such as office and industry and logistics too. Additionally, the Group develops some development for future sale.



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

- Investment property
- Inventories
- Assets held for sale

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

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

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

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

Property Valuation

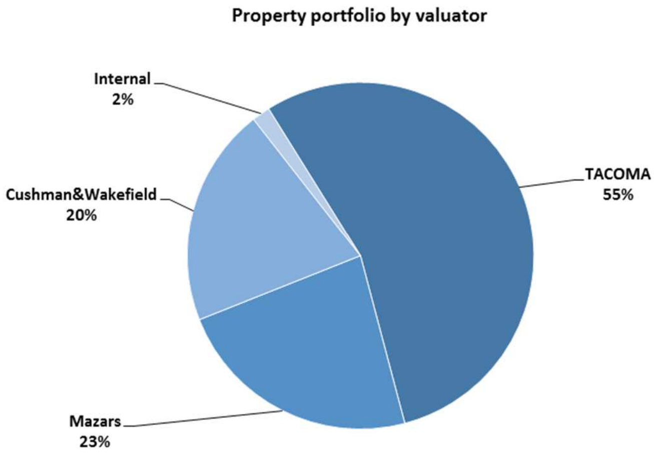
The condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by European Union, which include the application of the fair value method.

Since the property portfolio owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended. The Group’s management analysed the situation on the real estate market at the time together with current yields and then applied discount rates and other factors used by independent valuators in their appraisals as of 31 December 2016. As a result, the fair value of the majority of the property portfolio as of 30 June 2017 was determined based on the management’s analysis described above and it does not significantly differ from the fair value as of 31 December 2016.

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

The property portfolio valuation as at 30 June 2017 is based on reports issued by:

- Cushman&Wakefield (further “C&W”). C&W is a one of the leading commercial real estate services company, providing a full range of services to real estate occupiers, developers and investors on a local and international basis. C&W has about 300 offices in 70 countries, employing more than 45 000 professionals;
- Mazars. Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. Mazars operates in 270 offices across the globe and located in 79 countries and draw on the expertise of over 18 000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development.
- RSM TACOMA a.s. (further “TACOMA”). TACOMA is part of the seventh largest network of professional firms RSM International. RSM International operates in 120 countries, has over nearly 800 offices and more than 41 000 professionals. TACOMA provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll.



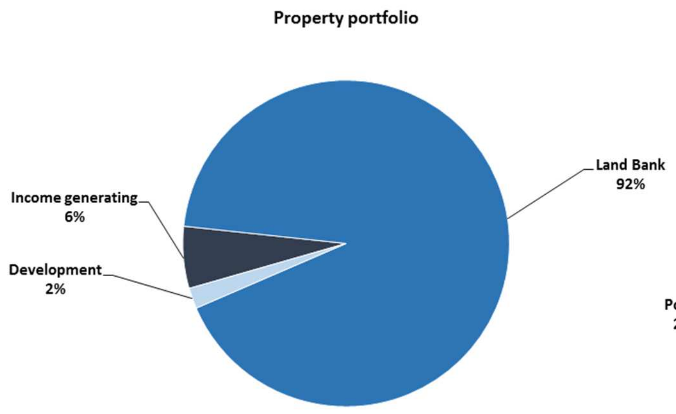
The following table shows the carrying value of the Group's property portfolio as of 30 June 2017 and 31 December 2016:

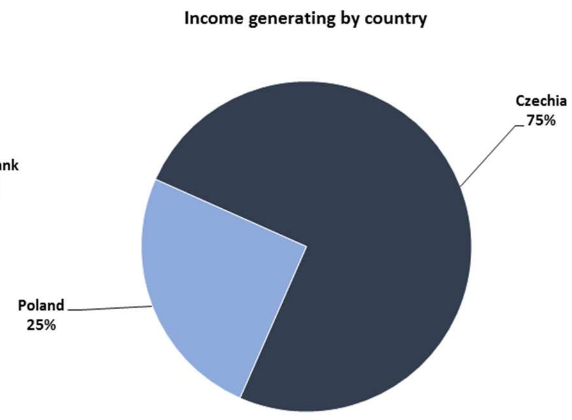
PROPERTY PORTFOLIO as at 30 June 2017	No of properties	GLA thousand sqm	Income generating MEUR	Development MEUR	Land bank MEUR	Carrying value MEUR	Carrying value %
Czechia	4	26	15	7	300	322	98%
Poland*	1	1	5	--	0.393	5	2%
The GROUP	**5**	**27**	**20**	**7**	**300**	**327**	**100%**

*Asset held for sale included

PROPERTY PORTFOLIO as at 31 Dec 2016	No of properties	GLA thousand sqm	Income generating MEUR	Development MEUR	Land bank MEUR	Carrying value MEUR	Carrying value %
Czechia	4	27	9	6	226	241	90%
Poland	1	1	5	--	0.376	5	2%
Luxembourg	1	8	23	--	--	23	8%
The GROUP	**6**	**36**	**37**	**6**	**226**	**269**	**100%**

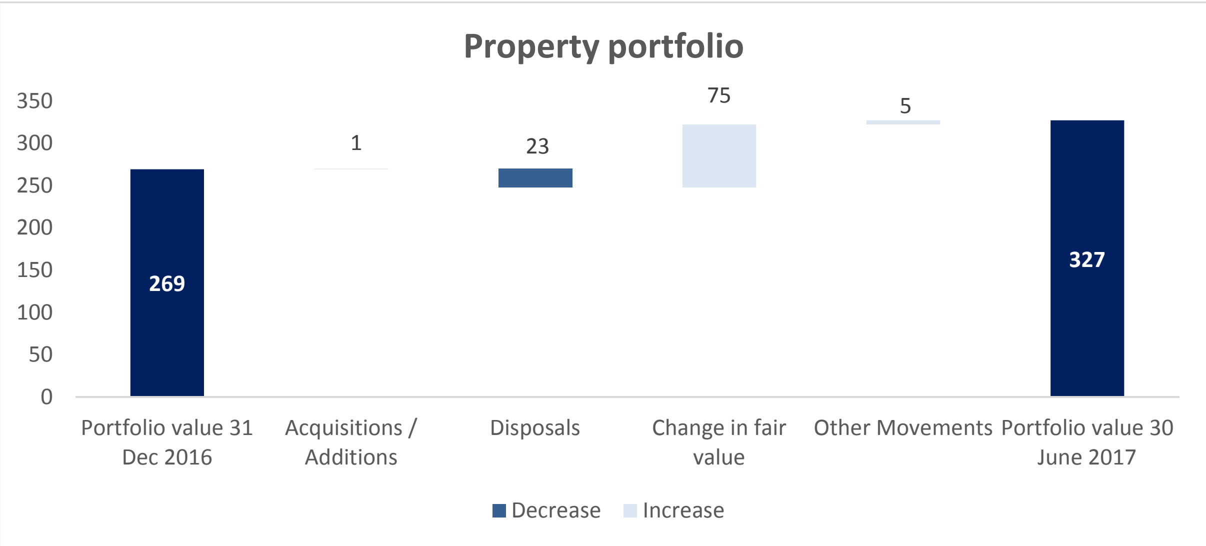
The Group property value total EUR 327 million as of 30 June 2017 (31 Dec 2016: EUR 269 million). As showed in the chart below, 6% of the Group property portfolio value is made of income generating assets of which EUR 20 million are income generating rental properties. The majority of the income generating assets is located in Czechia with 75% of the total value, followed by Poland with 25%.





The total net change of EUR 58 million in the portfolio value in H1 2017 was mainly attributable to the following:

- Disposal of the Capellen office building in amount of EUR 23 million;
- Property revaluation gain in amount of EUR 75 million.



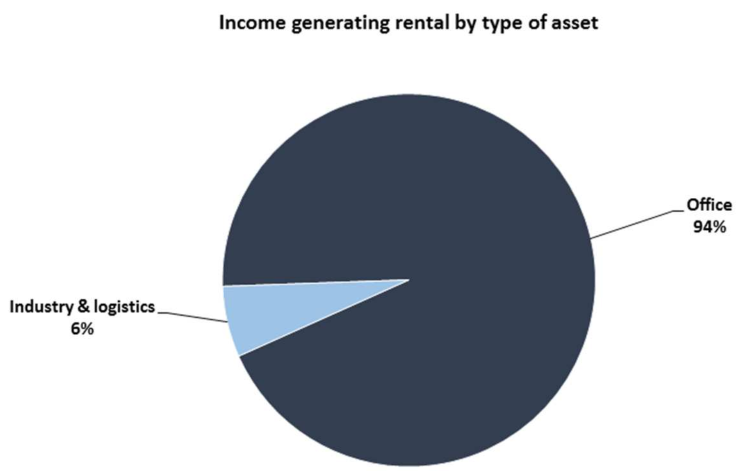
Income Generating

Income generating rental properties

INCOME GENERATING RENTAL PROPERTIES 30 June 2017	Nº of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing EUR
Office	2	19	94%	19	74.5%	5.1	7
Industry & logistics	1	1	6%	9	79.4%	18	--
THE GROUP	**3**	**20**	**100%**	**28**	**79.9%**	**4.0**	**7**

INCOME GENERATING RENTAL PROPERTIES 31 Dec 2016	Nº of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing EUR
Office	3	36	97%	27	78.1%	11.4	21
Industry & logistics	1	1	3%	9	79.4%	1.9	--
THE GROUP	**4**	**37**	**100%**	**36**	**81.1%**	**6.7**	**21**

Income generating rental portfolio of EUR 20 million represents 6% of the Group´s property portfolio. The Group leases assets, its primary focus is office and Industry & logistic. These two together provide about 20 000 sqm of GLA.



Office

Key Figures – June 2017

74.5 %
Occupancy

2
Number of properties

19 million EUR
Property value

19 000 sqm
Gross lettable area

Office portfolio represents an important segment of investment activities of the Group. The Group owns building in the capital city of Czechia and Poland.

OFFICE 30 June 2017	Nº of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czechia	1	14	73%	17	72.5%	3.6	4
Poland	1	5	27%	1	100.0%	19.2	3
The GROUP	**2**	**19**	**100%**	**18**	**74.5%**	**5.1**	**7**

OFFICE 31 Dec 2016	Nº of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czechia	1	8	23%	18	72.5%	3.3	4
Luxembourg*	1	23	63%	8	86.9%	25.2	14
Poland*	1	5	14%	1	100.0%	19.7	3
The GROUP	**3**	**36**	**100%**	**27**	**78.1%**	**11.4**	**21**

* Asset held for sale included

Among other properties, the Office portfolio includes:

Bubenská, Prague

The Property was constructed during the 1930s. The building belongs to the most distinguished functionalist buildings in Prague. The property provides office and storage units. Additionally the building houses the ambulance service for Prague 7 which is accessible from the rear of the property. There are small retail/commercial units with direct street access located along the front of the Property and also two small courtyards used for parking.

On 25 January 2017 The Group sold office building in Capellen, which was unsuited to the corporate business strategy.

The office portfolio value decreased from EUR 36 million to EUR 19 million as at 30 June 2017.

Key Figures – June 2017

79.4	%
Occupancy	

1	
Number of properties	

1 million	EUR
Property value	

9 000	sqm
Gross lettable area	

The Group currently owns about 9 000 sqm of rental space and manages complex Industrial Park Stříbro used for light industry, located in Plzeňský region in Czechia.

INDUSTRY AND LOGISTICS 30 June 2017	Nº of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czechia	1	1	100%	9	79.4%	1.8	--
The GROUP	**1**	**1**	**100%**	**9**	**79.4%**	**1.8**	**--**

INDUSTRY AND LOGISTICS 31 Dec 2016	Nº of properties	Carrying value MEUR	Carrying value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czechia	1	1	100%	9	79.4%	1.9	--
The GROUP	**1**	**1**	**100%**	**9**	**79.4%**	**1.9**	**--**

Land Bank

Key Figures – June 2017

13 469 000	sqm
Total area	

230 million	EUR
Property value	

Land bank is comprised of an extensive portfolio of land plots throughout Czechia and Poland. Plots are often in attractive locations, either separate or adjacent to existing commercial buildings or in the city centre and their value continues to increase with the growth of surrounding infrastructure. Out of the total plots area, approximately 2% are with zoning which is comparable to December 2016.

LAND BANK 30 June 2017	Total area thds. sqm	Area with zoning thds. sqm	Area without zoning thds. sqm	Carrying value MEUR	Carrying value %	Outstanding financing MEUR
Czechia	13 455	216	13 239	300	99.2%	--
Poland*	14	14	--	0.393	0.2%	--
THE GROUP	**13 469**	**230**	**13 239**	**300**	**100%**	**--**

*Asset held for sale included

LAND BANK 31 Dec 2016	Total area thds. sqm	Area with zoning thds. sqm	Area without zoning thds. sqm	Carrying value MEUR	Carrying value %	Outstanding financing MEUR
Czechia	13 455	216	13 239	226	99.8%	--
Poland	14	14	--	0.376	0.2%	--
THE GROUP	**13 469**	**230**	**13 239**	**226**	**100%**	**--**

Among land bank plots, the Land Bank portfolio includes:.

- **Praga, Benice 2-5** or **Nupaky** in Prague amounting to circa 870 000 SQM of landbank, of which 31 500 are zoned, are currently under review to be potentially developed for residential development projects over the coming years. The plot of Bubny amounting to nearly 240 000 SQM of land in Prague 7 (including joint venture with Unibail Rodamco) is at the core of the commercial development pipeline in Central Europe.
- **Bubny** EUR 113 million (31 December 2016: EUR 56 million) locates close to the city centre. Bubny remains the last brownfield plot in the centre of Prague and the Group intends to develop mixed-use area consisting of residential and commercial units, offices and shops as well as educational, medical, and cultural facilities. In addition, a modern train terminal on Vltavská metro station and large green spaces will be incorporated. The main goal for the mid-term period period is to continue in the process to change the Bubny masterplan.

Development

Key Figures – June 2017

1 000	sqm
Potential gross saleable area	

7 million	EUR
Development for sale	

The Group's development portfolio consists of properties that the Company has developed or is developing across Czechia region to keep and manage, or to sell.

DEVELOPMENT 30 Jun 2017	N° of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MEUR	Development for sale MEUR	Development for rental %	Development for sale %	Outstanding financing MEUR
Czechia	2	--	1	--	7	--	100%	--
THE GROUP	**2**	**--**	**1**	**--**	**7**	**--**	**100%**	**--**

DEVELOPMENT 31 Dec 2016	N° of properties	Potential GLA thds. sqm	Potential GSA thds. sqm	Development for rental MEUR	Development for sale MEUR	Development for rental %	Development for sale %	Outstanding financing MEUR
Czechia	2	--	1	--	6	--	100%	--
THE GROUP	**2**	**--**	**1**	**--**	**6**	**--**	**100%**	**--**

The development portfolio includes:

- **Benice** – The Project Benice is a large scale residential development located in the south east of Prague, about 15 kilometres from the city center. Phase 1B started in 2007 and the phase 1B was finalised in 2014. Benice 1B is conceived as a luxurious and comfortable living in separate houses, semi-detached houses (32 units) and apartments (4 units). As at the date of the valuation there is one unsold commercial unit currently leased to a kindergarten. Compared to December 2015 three apartments in a multifunctional building were sold. We also understand that there are several plots of land being a part of Benice 1B. Plots of land number 312/17 (1 048 sqm) and newly also 312/205 (1 618 sqm) which are zoned as agriculture land have commercial use and plots of land no. 312/70 (3 276 sqm), 312/69 (584 sqm) and newly also 312/206 (196 sqm) which do not have commercial use. An additional phase, Benice 1C with 9 family houses which were recently completed and are offered for sale. There are eight semi-detached 5+kk houses, each with total internal area of 165 sqm and one detached 5+kk house with total internal area of 195 sqm. The area of respective land plots vary from 391 sqm to 558 sqm. Part of the subject site (4 719 sqm in total) is situated in the protected zone of high voltage lines and therefore can not be used for development. Construction started in Q1 2015 and currently is being finalised therefore we have not included any remaining construction costs. Phases II-V, whose value is not included in the table above as they are categorized as land bank, will be developed in the future.

FINANCING

Cash and cash equivalents

As at 30 June 2017, cash and cash equivalents consist of cash in bank for EUR 1.5 million (2016: EUR 2.2 million) and cash in hand for EUR 18 thousand (2016: EUR 14 thousand).

Loan to value

The calculation of the Loan to value (LTV) as at 30 June 2017 is shown in the table below.

	30 June 2017	31 December 2016
Non current liabilities		
Financial debts – adjusted*	2,813	2,892
Non-current Bonds	12,655	12,482
Current liabilities		
Financial debts – adjusted*	4,493	4,543
Current Bonds	141	142
Liabilities linked to assets held for sale	--	14,868
Current assets		
Current financial assets	--	--
Cash and cash equivalents	(1,483)	(2,215)
Net debt	**18,619**	**32,712**
Investment property	319,919	239,790
Inventories	6,689	6,524
Fair value of portfolio	**326,608**	**246,314**
Loan to Value	**5.7%**	**13.3%**

*Financial debts – adjusted = Financial debts excluding the loans from related parties

The LTV ratio as at 30 June 2017 is 5.7% and decreased compared to 13.3% as at 31 December 2016. Total amount of financial liabilities including bonds is EUR 20.1 million as at the end of June 2017 in comparison to EUR 20.0 million. Fair value of portfolio increased from EUR 246.3 million to EUR 326.6 million.

Financial liabilities

Financial liabilities amount to EUR 559.4 million including EUR 539.3 million related to the loans from Czech Property Investment, a.s., EUR 7.3 million related to bank loans on projects that are not under a disposal process and EUR 12.8 million related to New Notes issued by Company.

Financial liabilities increased by EUR 397.9 million. This variation is caused mainly due to additional drawdown of long-term loan provided by Czech Property Investment, a.s. (EUR 371.9 million).

RESULTS AND NET ASSETS

Income statement

Income statement for the six-month period ended 30 June 2017 corresponds to the semi-annual consolidated financial statements.

Reported income statement for the period of six months ended 30 June 2017 is as follows:

For the six month period ended	30 June 2017	30 June 2016
Gross rental income	1,189	3,474
Service revenue	--	28
Net service charge income	(55)	783
Property operating expenses	(837)	(1,223)
Net rental income	**297**	**3,062**
Development sales	198	432
Cost of goods sold	(61)	(373)
Development operating expenses	--	--
Net development income	**137**	**59**
Total revenues	1,332	4,717
Total direct business operating expenses	(898)	(1,596)
Net business income	**434**	**3,121**
Net valuation gain / (loss)	74,499	10,303
Net loss on the disposal of investment property	(21)	(440)
Net gain on disposal of subsidiaries	1,056	2,045
Amortization, depreciation and impairments	3,098	1,985
Other operating income	163	315
Administrative expenses	(913)	(2,146)
Other operating expenses	(103)	(209)
Operating result	**78,213**	**14,974**
Interest income	19,212	384
Interest expense	(10,708)	(4,124)
Other net financial result	(8,410)	(1,037)
Net finance income / (costs)	**94**	**(4,777)**
Share of profit of equity-accounted investees (net of tax)	(1,009)	1,041
Profit before income tax	**77,298**	**11,238**
Income tax expense	(14,686)	(2,682)
Net profit from continuing operations	**62,612**	**8,556**

Net rental income

Net rental income decreased by 90% to EUR 0.3 million in H1 2017 (H1 2016: EUR 3.1 million). The negative impact of the decrease in gross rental income of 66%, reflecting the disposal of non-core properties in 2016 and 2017.

Net valuation gain

The net valuation gain for the first six months of 2017 amounts to EUR 74.5 million (H1 2016: EUR 10.3 million) which comprises of valuations carried out for Czech properties Bubny, Rezidence Pragovka and Bubenská. Its gain was driven primarily by the general market conditions as well as by improved assumptions (mainly on ERV and yields) retained by the external valuation experts.

Administrative expenses

Administrative expenses decreased by 57.5% to EUR 0.9 million in H1 2017 compared to EUR 2.2 million in H1 2016. During 2016 there was a significant cost reduction and this trend continued in H1 2017. Other determinants causing the reduction of costs were the disposals of entities in 2016 and 2017.

Net finance income

Total net finance result dropped from net loss of EUR 4.8 million in H1 2016 to net gain of EUR 0.1 million in H1 2017. The interest income increased from EUR 0.4 millon in H1 2016 to EUR 19.2 million in H1 2017. The increase in interest income reflects the providing of new loans by the Company to the third parties. These loans bear interest rate between 6% - 12%.

Other net financial result

The other net financial result worsened from a loss of EUR 1.0 millon to EUR 8.4 million as at 30 June 2017. The main cause of this deterioration is the exchange rate loss (EUR 10.9 million) resulting from the transactions between the Company and CPI PG Group (mainly CPI a.s., whose functional currency is Czech koruna). The Czech koruna has been steadily appreciating since April 2017, when the Czech National Bank ended its Czech koruna floor commitment.

The loss from the exchange rate is partly compensated by the fair value gain on the derivative assets (EUR 3.2 million) reflecting the value of the subscription rights for the new shares of CPI PG.

Balance sheet

Balance sheet as at 30 June 2017 corresponds to semi-annual consolidated financial statements.

	30 June 2017	31 December 2016
NON-CURRENT ASSETS		
Intangible assets and goodwill	--	--
Investment property	319,919	239,790
Property, plant and equipment	26	26
Equity-accounted investees	3	4
Available-for-sale financial assets	34,890	33,042
Financial assets at fair value through profit or loss	--	--
Loans provided	545,351	149,850
Trade and other receivables	92	85
Deferred tax asset	113,514	114,025
Total non-current assets	**1,013,795**	**536,822**
CURRENT ASSETS		
Inventories	6,689	6,524
Current income tax receivables	283	--
Derivative instruments	41,903	38,732
Trade receivables	3,688	3,833
Loans provided	19,496	993
Cash and cash equivalents	1,483	2,215
Other financial current assets	759	169
Other non-financial current assets	478	1,169
Assets held for sale	393	23,209
Total current assets	**75,172**	**76,844**
TOTAL ASSETS	**1,088,967**	**613,666**
EQUITY		
Equity attributable to owners of the Company	485,682	412,798
Non-controlling interests	475	475
Total equity	**486,157**	**413,273**
NON-CURRENT LIABILITIES		
New Notes/Bonds	12,655	15,705
Financial debts	507,172	128,348
Derivative instruments	--	--
Deferred tax liabilities	27,830	12,911
Provisions	1,363	1,712
Other non-current liabilities	5,300	301
Total non-current liabilities	**554,320**	**158,977**
CURRENT LIABILITIES		
New Notes/Bonds	141	142
Financial debts	39,410	20,718
Trade payables	1,638	1,657
Advance payments	255	395
Derivative instruments	--	7
Other financial current liabilities	3,464	599
Other non-financial current liabilities	3,582	3,030
Liabilities linked to assets held for sale	--	14,868
Total current liabilities	**48,490**	**41,416**
TOTAL EQUITY AND LIABILITIES	**1,088,967**	**613,666**

Total assets and total liabilities

Total assets increased by EUR 475.3 million (31%) to EUR 1,089 million as at 30 June 2017. The increase is a result of valuation of Investment property and providing new long-term loans to the CPI Property Group.

Non-current and current liabilities total EUR 602.8 million as at 30 June 2017 which represents an increase by EUR 402.4 million (67%) compared to 31 December 2016. Main driver of this increase was a additional drawdown of loan provided by Czech Property Investment, a.s.

EPRA Net assets value

The EPRA Net Asset Value per share as of 30 June 2017 is EUR 0.39 compared to EUR 0.32 as at December 2016.

The Triple NAV amounts to EUR 0.37 per share compared to EUR 0.31 at the end of last year. The calculation is compliant with the EPRA (European Public Real Estate Associations) "Triple Net Asset Value per share" standard methodology which is described below.

	June 2017	December 2016
Consolidated equity	**485,682**	**412,798**
Fair Value adjustment on asset held for sales	--	--
Fair value adjustments on inventories	--	--
Deferred taxes on revaluations	25,397	12,826
Goodwills	--	--
Own equity instruments	--	--
EPRA Net asset value	**511,079**	**425,624**
Existing shares (in thousands)	1,314,508	1,314,508
Net asset value in EUR per share	0.39	0.32
EPRA Net asset value	**511,079**	**425,624**
Deferred taxes on revaluations	(25,397)	(12,826)
Fair value adjustment of bonds issued by the Group (**)	--	--
EPRA Triple Net asset value (*)	**485,682**	**412,798**
Fully diluted shares	1,314,508	1,314,508
Triple net asset value in EUR per share	0.37	0.31

(*) EPRA Triple Net Asset Value Methodology:

The triple NAV is an EPRA recommended performance indicator.

Starting from the NAV following adjustments are taken into consideration:

- Effect of dilutive instruments: financial instruments issued by company are taken into account when they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.
- Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.
- Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.

As part of the EPRA requirements, OPG discloses the calculation of EPRA NAV and EPRA NNNAV.

Over the first half of 2017 the consolidated equity increased by EUR 73 million. The main driver of this increase is the profit of the period amounting to EUR 62.6 million.

TABLE OF LOCATION OF EPRA INDICATORS

CORPORATE GOVERNANCE

Principles

Good corporate governance improves transparency and the quality of reporting, enables effective management control, safeguards shareholder interests and serves as an important tool to build corporate culture. The Company is dedicated to acting in the best interests of its shareholders and stakeholders. Towards these ends, it is recognized that sound corporate governance is critical. The Company is committed to continually and progressively implementing industry best practices with respect to corporate governance and has been adjusting and improving its internal practices in order to meet evolving standards. The Company aims to communicate regularly to its shareholders and stakeholders regarding corporate governance and to provide regular updates on its website.

Since the Company was founded in 1991, its accounts have been audited regularly each year. KPMG has been appointed Company's auditor since the general meeting in 2013. In addition, the Company's portfolio of assets is regularly evaluated by an independent experts.

In 2007, the Company's Board of Directors adopted the Director's Corporate Governance Guide and continues to communicate throughout the Group based on the values articulated by this guide.

As a company incorporated in Luxembourg, the Company's primary regulator is the Commission de Surveillance du Secteur Financier (the "CSSF"). The Company's procedures are designed to comply with applicable regulations, in particular those dealing with market abuse. The Company also has a risk assessment procedure designed to identify and limit risk. In addition, the Company aims to implement corporate governance best practices inspired by the recommendations applicable in Luxembourg and Poland.

On 23 May 2012, the Board of Directors elected the Ten Principles and their Recommendations of the Luxembourg Stock Exchange as a reference for its Corporate Governance Rules (https://www.bourse.lu/corporate-governance).

Board of Directors

The Company is administered and supervised by a Board of Directors made up of at least three members.

Appointment of Directors

The Directors are appointed by the general meeting of shareholders for a period of office not exceeding six years. They are eligible for re-election and may be removed at any time by decision of the general meeting of shareholders by simple majority vote. In the event of a vacancy in the office of a Director, the remaining Directors may provisionally fill such vacancy, in which case the general meeting of shareholders will hold a final election at the time of its next meeting.

However, if five Director positions become vacant, an extraordinary general meeting of shareholders will be convened for the purpose of renewing the Board of Directors.

Legal entities appointed as Directors must designate a representative, who must be a natural person, to attend meetings of the Board of Directors in their name. Such representative is subject to the same conditions and obligations and will incur the same liability as if he had been appointed as Director in his own name, without prejudice to the joint and several liability of the legal entity he represents. A power of attorney evidencing the fact that he is empowered to validly represent and to bind the said legal entity during his period of office must be delivered to the Company at the time the Board of Directors is appointed.

At the time of renewal of the mandate of a legal entity appointed as director, the power of attorney of the agent for such legal entity must be renewed.

In the event that the legal entity revokes the power of attorney of its representative, it must notify such dismissal to the Company without delay by registered letter, and include in such letter the identity of its new representative. The same applies in the event of the death, resignation or lengthy impediment or prevention of the permanent representative.

Any employee of the Company may be appointed Director subject to an employment contract being executed prior to appointment, and corresponding to an actual employment. The number of Directors linked to the Company by an employment contract may in no event exceed one third of the Directors in office.

Current Board of Directors

As of 30 June 2017 the Board of Directors consisted of: 2 executive members representing the management of the Company: Mr. Jiri Dedera and Mr. Erik Morgenstern and 1 independent member, Mr. Edward Hughes.

The current Board of Directors is appointed until the annual general meeting of 2018 concerning the approval of the annual accounts for the financial year ending 31 December 2017.

The independent directors are not involved in management, are not employees or advisors with a regular salary and do not give professional services such as external audit services or legal advice. Furthermore, they are not related persons or close relatives of any management member or majority shareholder of the Company.

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

Powers of the Board of Directors

The Board of Directors represents the shareholders and acts in the best interests of the Company. Each member, whatever his/her designation, represents the Company's shareholders.

The Board of Directors is empowered to carry out all and any acts deemed necessary or useful to accomplish the corporate purpose of the Company. All matters that are not reserved for the general meeting of shareholders by law or by the Articles of Association are within its authority.

In its relationship with third parties, the Company is bound by acts exceeding its corporate purpose, unless it can prove that the third party knew such act exceeded the Company's corporate purpose or should have known under the circumstances.

The Directors do not contract any personal obligation with regard to the commitments of the Company.

The Directors however remain responsible to the Company in accordance with common law as regards the due discharge of their duties as given and any faults committed during their period in office.

The Directors are jointly and severally liable, to the Company or to third parties if applicable, for all and any damages resulting from infractions to the provisions of the Luxembourg act of 10 August 1915 on commercial companies, as amended, or to the Articles of Association of the Company. They may only be granted discharge from such liability, with respect to infractions in which they have taken part, if no fault may be attributed to them and they have denounced such infractions before the next general meeting of shareholders as soon as they have become aware of such infractions.

Deliberations

The Board of Directors may only deliberate if a majority of its members are present or represented by proxy, which may be given in writing, by telegram, telex or fax. In cases of emergency the Directors may vote in writing, by telegram, telex, fax, electronic signature or by any other secured means.

The decisions of the Board of Directors must be made by majority vote; in case of a tie, the Chairman of the meeting shall have the deciding vote.

Resolutions signed unanimously by the members of the Board of Directors are as valid and enforceable as those taken at the time of a duly convened and held meeting of the Board.

The Board will regularly evaluate its performance and its relationship with the management.

Delegations of powers to Managing Directors

The Board of Directors may delegate all or part of its powers regarding the daily management as well as the representation of the Company with regard to such daily management to one or more Directors, who need not be shareholders. Actions in the daily management of the Company include all operations carried out in relation to the corporate purpose, such as real estate acquisitions, taking ownership interests and making loans to group companies, bank financing operations without limit as to their amount, as well as any kind of investment.

Any such delegation to a member of the Board of Directors is subject to the prior approval of the general meeting of shareholders, and any delegation must be filed with the Luxembourg Trade and Companies Register in accordance with the provisions of Article 9 of the Luxembourg act of 10 August 1915 on commercial companies, as amended.

The Board of Directors designates a Secretary, who is not required to be on the Board of Directors. The Secretary is in charge of convening the meetings of the Board of Directors, keeping the register of attendance and minutes and delivering requested copies or abstracts of the minutes.

In the event of the absence or impediment of the Managing Director, the Board of Directors will designate at the time of each meeting one of its members to act as Chairman of the meeting. Barring another agreement, the most senior Director will chair the meeting.

The Managing Director and Secretary are always eligible for re-election.

The general meeting of shareholders held on 24 May 2017 appointed Jiri Dedera as Managing Director (administrateur delegue) of the Company until the annual general meeting of shareholders concerning the approval of the annual accounts of the Company relating to the accounting year ending 31 December 2017.

Signatory powers within the Board of Directors

The Company may be validly bound either by the joint signatures of any two Directors or by the single signature of a Managing Director.

Special commitments in relation to the election of the members of the Board of Directors

The Company is not aware of commitments that are in effect as of the date of this report by any parties relating to the election of members of the Board of Directors.

Management of the Company

The management is entrusted with the day-to-day running of the Company and among other things to:

- be responsible for preparing complete, timely, reliable and accurate financial reports in accordance with the accounting standards and policies of the Company;
- submit an objective and comprehensible assessment of the company’s financial situation to the Board of Directors;
- regularly submit proposals to the Board of Directors concerning strategy definition;
- participate in the preparation of decisions to be taken by the Board of Directors;

- supply the Board of Directors with all information necessary for the discharge of its obligations in a timely fashion;
- set up internal controls (systems for the identification, assessment, management and monitoring of financial and other risks), without prejudice to the Board's monitoring role in this matter; and
- regularly account to the Board for the discharge of its responsibilities.

The members of the management meet on a regular basis to review the operating performance of the business lines and the containment of operating expenses.

As of 30 June 2017, the Company's management consisted of the following members:

Jiri Dedera, Chief Executive Officer & Managing Director, previously appointed as Deputy CEO, joined the Company in January 2014. Jiri has also been a Director of the Company since 4 February 2013 and is a member of the Company's Audit Committee and Remuneration Committee. Before joining the Company, Jiri was working for CPI Group as the Investment Director and before that for Deloitte and Pricewaterhou¬seCoopers in Czechia and in the United States. He graduated from the Technical University of Brno, Czechia.

Erik Morgenstern, Chief Financial Officer, has over 10 years of experience in various finance positions in the real estate sector, including Director of Accounting and IFRS and CFO. Prior to joining the Company Mr. Morgenstern worked for CPI PROPERTY GROUP. He graduated from the University of Economics Prague, Czechia.

Description of internal controls relative to financial information processing.

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

Control Environment

For the annual closure, the Company's management fills an individual questionnaire so that any transactions they have carried out with the Company as "Related parties" can be identified.

The Audit Committee has a specific duty in terms of internal control; the role and activities of the Audit Committee are described in this Management Report.

Remuneration and benefits

Board of Directors

See Note 1 in the Consolidated financial statements.

Top management

See Note 1 in the Consolidated financial statements.

Corporate Governance rules and regulations

In reference to the information required by paragraphs (a) to (k) of Article 11(1) of the Law of 19 May 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, the Board of Directors states the following elements:

(a) The structure of the capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents:

The share capital of the Company is represented by only one class of shares carrying same rights.

The Company shares (ISIN LU0122624777) had been listed on the regulated market of Euronext Paris since 2000 and until their delisting as of 18 February 2016. The 314 507 629 Company shares (representing app. 23.9% of the total share capital) have been admitted to trading on the regulated market of the Luxembourg Stock Exchange on 15 October 2015. The 114 507 629 Company shares (representing app. 8.7% of the total share capital) have been admitted to trading on the regulated market of the Warsaw Stock Exchange.

The Company was informed by the Luxembourg Stock Exchange that it decided to suspend the trading of the Company shares (ISIN LU0122624777) on the regulated market of the Luxembourg Stock Exchange as of 9 June 2016. The Luxembourg Stock Exchange decided to proceed with such suspension from its own initiative. The Warsaw Stock Exchange informed the Company on 17 February 2017 that it suspended trading of the Company shares on the Warsaw Stock Exchange.

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

There is no restriction on the transfer of securities of the Company as of 31 December 2016.

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

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as of 31 December 2016. The information collected is based on the notifications received by the Company from any shareholder crossing the thresholds of 2.5%, 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% of the aggregate voting rights in the Company.

Shareholder	Number of shares	% of capital / voting rights
CPI PROPERTY GROUP (directly and indirectly)	1 279 198 976	97.31%
Others	35 308 653	2.69%
Total	**1 314 507 629**	**100.0%**

In 2013, the Company transferred 1 share to Edward Hughes for free and until he holds the Board function. In 2014, the Company transferred 1 share to Jiri Dedera for free and until he holds the Board function. In 2016, the Company transferred 1 share to Erik Morgenstern for free and until he holds the Board function.

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

None of the Company's shareholders has voting rights different from any other holders of the Company's shares.

On 8 June 2016 CPI Property Group's fully owned subsidiary Nukasso Holdings Limited directly and indirectly acquired approximately 97.31% of shares in the Company. As a consequence, Nukasso Holdings Limited from the CPI Property Group has an obligation to launch a mandatory takeover bid to purchase any and all of the ordinary shares of the Company. On 22 August 2016, the Czech Office for the Protection of Competition granted the merger clearance for the acquisition of the Company by CPI Property Group, whereas its decision became final and binding on 23 August 2016.

On 22 September 2016 the CSSF appointed PricewaterhouseCoopers société cooperative (Luxembourg) as the independent expert for the determination of the equitable price to be offered to the shareholders of the

Company in the context of the mandatory takeover bid over Company's shares. To the best of Company's knowledge, neither the valuation report nor the offer document have been approved as of the date of this document.

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

This is not applicable. The Company has no employee share scheme.

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

There is no restriction on voting rights.

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

To the knowledge of the Company, no shareholder agreements have been entered by and between shareholders that are in effect as of the date of this report.

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

See section 8.2.1 Appointment of Directors of this report.

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

See section 8.2.3 Powers of the Board of Directors of this report.

(j) any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements:

Under the Securities Note and Summary dated 22 March 2007, with respect to the issue of the 2014 Warrants, the occurrence of a Change of Control (as described in Condition 4.1.8.1.2.1 of the Securities Note and Summary dated 22 March 2007) could result in a potential liability for the Company due to "Change of Control Compensation Amount".

On 10 June 2016 the Company received a major shareholder notification stating, that NUKASSO (CYP) and CPI PROPERTY GROUP, which are ultimately held by Mr. Radovan Vitek, hold directly and indirectly 1 279 198 976 of the Company's shares corresponding to 97.31% of voting rights as at 8 June 2016. Accordingly, the Company issued a Change of Control Notice notifying the holders of the 2014 Warrants that the Change of Control, as defined in the Securities Note and the Summary for the 2014 Warrants, occurred on 8 June 2016.

In accordance with the judgement of the Paris Commercial Court (the "Court") pronounced on 26 October 2015 concerning the termination of the Company's Safeguard Plan, liabilities that were admitted to the Safeguard, but are conditional or uncalled (such as uncalled bank guarantees, conditional claims of the holders of 2014 Warrants registered under ISIN code XS0290764728, provided that they were admitted to the Safeguard plan), will be paid according to their contractual terms. Pre-Safeguard liabilities that were not admitted to the Company's Safeguard will be unenforceable. As such, only claims of holders of the 2014 Warrants, whose potential claims were admitted to the Company's Safeguard Plan, could be considered in respect of the present Change of

Control. Claims of holders of the 2014 Warrants that were not admitted to the Company's Safeguard will be unenforceable against the Company.

To the knowledge of the Company, no other agreements have been entered by the Company.

(k) any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid:

As at 30 June 2017, there are no potential termination indemnity payments in place payable to the members of the Company's management in the event of termination of their contracts in excess of the compensation as required by the respective labour codes.

Additional information

Legal form and share capital

ORCO PROPERTY GROUP is a public limited company ("société anonyme") incorporated and existing under Luxembourg law. Its corporate capital, subscribed and fully paid-up capital of EUR 13 145 076.29 is represented by 1 314 507 629 shares without nominal value. The accounting par value price is EUR 0.01 per share.

Date of incorporation and termination

The Company was incorporated by deed drawn on 9 September 1993 by Maître Frank Baden, for an indeterminate period of time.

Jurisdiction and applicable laws

The Company exists under the Luxembourg Act of 10 August 1915 on commercial companies, as amended.

Object of business

As described in article 4 of the updated Articles of Association of the Company, its corporate purpose is the direct acquisition of real property, the holding of ownership interests and the making of loans to companies that form part of its group. Its activity may consist in carrying out investments in real estate, such as the purchase, sale, construction, valorization, management and rental of buildings, as well as in the promotion of real estate, whether on its own or through its branches.

It has as a further corporate purpose the holding of ownership interests, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign companies, whether they are part of the group or not, the acquisition of all and any securities and rights by way of ownership, contribution, subscription, underwriting or purchase options, or negotiation, and in any other way, and in particular the acquisition of patents and licenses, their management and development, the granting to undertakings in which it holds a direct or indirect stake of all kinds of assistance, loans, advances or guarantees and finally all and any activities directly or indirectly relating to its corporate purpose. It may thus play a financial role or carry out a management activity in enterprises or companies it holds or owns.

The Company may likewise carry out all and any commercial, property, real estate and financial operations likely to relate directly or indirectly to the activities defined above and susceptible to promoting their fulfillment.

Trade register

RCS Luxembourg B 44 996.

Financial year

The Company's financial year begins on the first day of January and ends on the thirty-first day of December.

Distribution of profits and payment of dividends

Each year, at least five per cent of the net corporate profits are set aside and allocated to a reserve. Such deduction ceases being mandatory when such reserve reaches ten per cent of the corporate capital, but will resume whenever such reserve falls below ten per cent. The general meeting of shareholders determines the allocation and distribution of the net corporate profits.

Payment of dividends:

The Board of Directors is entitled to pay advances on dividends when the legal conditions listed below are fulfilled:

- an accounting statement must be established which indicates that the available funds for the distribution are sufficient;
- the amount to be distributed may not exceed the amount of revenues since the end of the last accounting year for which the accounts have been approved, increased by the reported profits and by the deduction made on the available reserves for this purpose and decreased by the reported losses and by the sums allocated to reserves in accordance with any legal and statutory provision;
- the Board of Directors' decision to distribute interim dividends can only be taken within two months after the date of the accounting statement described above;
- the distribution may not be determined less than six months after the closing date of the previous accounting year and before the approval of the annual accounts related to this accounting year;
- whenever a first interim dividend has been distributed, the decision to distribute a second one may only be taken at least three months after the decision to distribute the first one; and
- the statutory and independent auditor(s) in its (their) report to the Board of Directors confirm(s) the conditions listed above are fulfilled.

Under general Luxembourg law, the conditions for making advances on dividends are less stringent than the conditions listed above, however, the more restrictive provisions of the Company's Articles of Association will prevail as the recent changes under Luxembourg law have not yet been reflected in the Articles of Association of the Company.

When an advance distribution exceeds the amount of dividend subsequently approved by the general meeting of shareholders, such advance payment is considered an advance on future dividends.

Exceeding a threshold

Any shareholder who crosses a threshold limit of 2.5%, 5%, 10%, 15%, 33 1/3%, 50% or 66 2/3% of the total of the voting rights must inform the Company, which is then obliged to inform the relevant controlling authorities. Any shareholder not complying with this obligation will lose his voting rights at the next general meeting of shareholders, and until proper major shareholding notification is made.

Documents on display

Copies of the following documents may be inspected at the registered office of the Company (tel : +352 26 47 67 1), 40 rue de la Vallée, L-2661 Luxembourg, on any weekday (excluding public holidays) during normal business hours:

1. Articles of Association of the Company;

2. Audited consolidated financial statements of the Company as of and for the years ended 31 December 2016, 2015, and 2014, prepared in accordance with IFRS adopted by the European Union;

The registration document(s) and most of the information mentioned are available on the Company's website: www.orcogroup.com.

The registration document(s) is available on the website of Luxembourg Stock Exchange: www.bourse.lu.

External Auditors

KPMG Luxembourg are the external auditors of the Company. The appointment of KPMG expires at the end of the annual general meeting of shareholders to be convened in 2018 to approve the accounts for the financial year ended 31 December 2017.

SHAREHOLDING

Share capital and voting rights

The subscribed and fully paid-up capital of the Company of EUR 13 145 076.29 is represented by 1 314 507 629 shares without nominal value. The accounting par value is EUR 0.01 per share.

In addition to the issued and subscribed corporate capital of EUR 13 145 076.29, the Company has also an authorized, but unissued and unsubscribed share capital set at EUR 10 000 000.

All the shares issued by the Company are fully paid and have the same value. The shares will be either in the form of registered shares or in the form of bearer shares, as decided by the shareholder, except to the extent otherwise provided by law.

The shareholder can freely sell or transfer the shares. The shares are indivisible and the Company only recognizes one holder per share. If there are several owners per share, the Company is entitled to suspend the exercise of all rights attached to such shares until the appointment of a single person as owner of the shares. The same applies in the case of usufruct and bare ownership or security granted on the shares.

Joint owners of shares must be represented within the Company by one of them considered as sole owner or by a proxy, who in case of conflict may be legally designated by a court at the request of one of the owners.

Shareholder holding structure

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as of 30 June 2017. The information collected is based on the notifications received by the Company from any shareholder crossing the thresholds of 2.5%, 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% of the aggregate voting rights in the Company.

Shareholder	Number of shares	% of capital / voting rights
CPI PROPERTY GROUP (directly and indirectly)	1 279 198 976	97.31%
Others	35 308 653	2.69%
Total	**1 314 507 629**	**100.0%**

Authorized capital not issued

The Company's extraordinary general meeting of 2 May 2016 resolved to modify, renew and replace the then existing authorized share capital and to set it to an amount of twenty million euro (EUR 20 000 000.00) for a period of five (5) years from 2 May 2016. Following the capital increase implemented in 2016, the Company now has the authorized, but unissued and unsubscribed share capital set at EUR 10 000 000, which would authorize the issuance of up to one billion (1 000 000 000) new ordinary shares in addition to the 1 314 507 629 shares currently outstanding.

The Company's Board of Directors was thus granted an authorization to increase the Company's share capital in accordance with article 32-3 (5) of the 1915 Luxembourg company law. The Board of Directors was granted full power to proceed with the capital increases within the authorized capital under the terms and conditions it will set, with the option of eliminating or limiting the shareholders' preferential subscription rights as to the issuance of new shares within the authorized capital.

The Board of Directors was authorized, during a period of five (5) years from the date of the general meeting of shareholders held on 2 May 2016, without prejudice to any renewals, to increase the issued capital on one or more occasions within the limits of the authorized capital. The Board of Directors was authorized to determine the conditions of any capital increase including through contributions in cash or in kind, among others, the conversion of debt into equity, by offsetting receivables, by the incorporation of reserves, issue premiums or retained earnings, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible into or repayable by or exchangeable for shares (whether provided in the terms at issue or subsequently provided), or following the issue of bonds with warrants or other rights to subscribe for shares attached, or through the issue of stand-alone warrants or any other instrument carrying an entitlement to, or the right to subscribe for, shares.

CORPORATE RESPONSIBILITY

Corporate responsibility and sustainable development is at the core of the strategy of the Company. The Group top management actively foster best practices as an opportunity to improve the cost efficiency of internal processes and the value creation of our it main activity - Development of properties.

GLOSSARY & DEFINITIONS

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

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

In this period the Company redefined and changed the title one of APM – *Loan-to-Value* changed to *Project Loan-to-Value*. For new definition and reasons for the change, see below.

Adjusted EBITDA

The Adjusted EBITDA is the recurring operational cash result calculated by deduction from the operating result of non-cash items and non-recurring items (Net gain or loss on fair value adjustments – Amortizations, impairments and provisions – Net gain or loss on the sale of abandoned developments – Net gain or loss on disposal of assets) and the net results on sale of assets or subsidiaries.

Average daily rate (ADR)

ADR is calculated by dividing the room revenue by the number of rooms occupied.

EPRA

European Public Real Estate Association.

EPRA NAV per share

EPRA NAV divided by the diluted number of shares at the period end. Formula is available into the EPRA NNNAV definition.

EPRA Net Initial Yield

The annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. (Calculated by the Group's external valuer).

EPRA NNNAV or EPRA Triple Net Asset Value

A company's adjusted per-share NAV.

Methodology:

The triple net NAV is an EPRA recommended performance indicator.

Starting from the NAV following adjustments are taken into consideration:

- *Effect to dilutive instruments: financial instruments issued by company are taken into account. When they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per* *share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.*

- *Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.*
- *Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.*

As part of the EPRA requirements, OPG discloses the calculation of EPRA NAV and EPRA NNNAV.

EPRA Vacancy rate

ERV of vacant space divided by ERV of the whole portfolio.

Estimated rental value (ERV)

The estimated rental value at which space would be let in the market conditions prevailing at the date of valuation. (Calculated by the Group's external appraiser).

Development for rental

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

Development for sale

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

Gross Asset Value (GAV)

The sum of fair value of all real estate assets held by the Group on the basis of the consolidation scope and real estate financial investments (being shares in real estate funds, loans to third parties active in real estate or shares in non-consolidated real estate companies).

Gross Leasable Area (GLA)

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

Gross Saleable Area (GSA)

GSA is the amount of floor space held by the Group with the intention to be sold. GSA is the area of property to be sold with a capital gain.

Gross operating profit (GOP)

Total gross operating revenues (including room, food & beverage and other revenue) less gross operating expenses.

Gross rental income

Rental income from let properties after taking into account the net effects of straight-lining for lease incentives, including rent free periods. It includes turnover-based rents, surrender premiums, car parking income and other possible rental income.

Interests Cover Ratio (ICR)

The ICR is calculated by dividing the adjusted EBITDA of one period by the company's interests expenses of the same period.

Like-for-Like portfolio (L-f-L)

All properties held in portfolio since the beginning of the period, excluding those acquired, sold or included in the development program at any time during the period.

Market value

The estimated amount determined by the Group's external valuer in accordance with the RICS Valuation Standards, for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing.

Net rental income

Gross rental income less ground rents payable, service charge expenses and other non-recoverable property operation expenses.

Occupancy rate (sq.m)

The ratio of leased premises to leasable premises

Passing rent

The estimated annualised cash rental income being received as at the reporting date, excluding the net effects of straight-lining for lease incentives.

Potential gross leasable area

Potential Gross Leasable Area is the total amount of floor space and land area being developed which the Group is planning to rent after the development is complete.

Potential gross saleable area

Potential Gross Saleable Area is the total amount of floor space and land area being developed which the Group is planning to sell after the development is complete.

Project Loan-to-Value

Project Loan-to-Value ("Project LTV ratio") provides a general assessment of financing risk undertaken. It is calculated as Adjusted Net Debt divided by fair value of Property Portfolio. Net Debt is borrowings plus bank overdraft less sum of borrowings from within CPI Property Group and cash and cash equivalents. Property Portfolio covers all properties held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.
In 2017 the Group redefined "LTV ratio" to "Project LTV ratio" due to:

- The Company received loans from related entities within CPI Property Group;
- These loans are not connected to any of OPG projects;
- These loans are provided by related entities and are part of a financing structure within CPI Property Group structure;

If included in LTV ratio calculation it the information would be misleading as it would not provide the reader an information on financing risk undertaken by the Group.

In 2017 the Group redefined “Property portfolio” due to:

- Previous definition of Property portfolio included derivative instruments, intragroup loans etc. which are not means of the Group business
- The Group decided to include only those assets which clearly show business focus of the Group

Comparative figure of newly defined Project LTV ratio has been disclosed.

Reversion

The estimated change in rent at review, based on today’ market rents expressed as a percentage of the contractual rents passing at the measurement date (but assuming all current lease incentives have expired).

Vacancy

The amount of all physically existing space empty at the end of the period.

ORCO
PROPERTY GROUP

DECLARATION LETTER

INTERIM FINANCIAL REPORT

AS AT 30 JUNE 2017

1.1. Person responsible for the Semi - Annual Financial Report

Mr. Jiří Dedera, acting as Chief Executive Officer and Managing Director of the Company, with professional address at 40 rue de la Vallee, L-2661 Luxembourg, Grand-Duchy of Luxembourg, email: jdedera@orcogroup.com.

1.2. Declaration by the person responsible for the Semi - Annual Financial Report

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

- the condensed consolidated interim financial statements of the Company as at 30 June 2017, prepared in accordance with the International Accounting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and results of the Company and its subsidiaries included in the consolidation taken as a whole; and
- the Management Report as at 30 June 2017, provides a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. Jiří Dedera.

Luxembourg, on 31 August 2017

Mr. Jiří Dedera
CEO & Managing Director

ORCO PROPERTY GROUP
Société anonyme
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RCS Luxembourg B 44.996
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ORCO PROPERTY GROUP

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

(UNAUDITED)

ORCO PROPERTY GROUP´s Board of Directors has approved the condensed consolidated interim financial statements for the six-month period ended 30 June 2017 on 31 August 2017.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

For the six-month period ended	Note	30 June 2017	30 June 2016
Gross rental income	5.1	1,189	3,474
Service revenue	5.1	--	28
Net service charge income	5.2	(55)	783
Property operating expenses	5.3	(837)	(1,223)
Net rental income		**297**	**3,062**
Development sales	5.4	198	432
Cost of goods sold	5.4	(61)	(373)
Net development income		**137**	**59**
Total revenues		1,332	4,717
Total direct business operating expenses		(898)	(1,596)
Net business income		**434**	**3,121**
Net valuation gain	5.5	74,499	10,303
Net loss on the disposal of investment property		(21)	(440)
Net gain on disposal of subsidiaries		1,056	2,045
Amortization, depreciation and impairments	5.6	3,098	1,985
Other operating income		163	315
Administrative expenses	5.7	(913)	(2,146)
Other operating expenses	5.8	(103)	(209)
Operating result		**78,213**	**14,974**
Interest income	5.9	19,212	384
Interest expense	5.10	(10,708)	(4,124)
Other net financial result	5.11	(8,410)	(1,037)
Net finance income/(costs)		**94**	**(4,777)**
Share of profit of equity-accounted investees (net of tax)		(1,009)	1,041
Profit before income tax		**77,298**	**11,238**
Income tax expense	5.12	(14,686)	(2,682)
Net profit from continuing operations		**62,612**	**8,556**
Items that may or are reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		8,424	(2,146)
Effective portion of changes in fair value of available-for-sale financial assets		1,848	3,032
Other comprehensive income for the period, net of tax		10,272	886
Total comprehensive income for the period		**72,884**	**9,442**
Profit attributable to:			
Non-controlling interests		**--**	**8**
Owners of the Company		**62,612**	**8,548**
Profit for the period		**62,612**	**8,556**
Total comprehensive income attributable to:			
Non-controlling interests		**--**	**8**
Owners of the Company		**72,884**	**9,434**
Total comprehensive income for the period		**72,884**	**9,442**
Earnings per share	6.10		
Basic earnings in EUR per share		**0.05**	**0.01**
Diluted earnings in EUR per share		**0.05**	**0.01**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

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

	Note	30 June 2017	31 December 2016
NON-CURRENT ASSETS			
Investment property	6.1	319,919	239,790
Property, plant and equipment		26	26
Available-for-sale financial assets	6.2	34,893	33,046
Loans provided	6.3	545,351	149,850
Trade and other receivables		92	85
Deferred tax asset	6.4	113,514	114,025
Total non-current assets		**1,013,795**	**536,822**
CURRENT ASSETS			
Inventories	6.5	6,689	6,524
Current income tax receivables		283	--
Derivative instruments	6.6	41,903	38,732
Trade receivables	6.7	3,688	3,833
Loans provided	6.3	19,496	993
Cash and cash equivalents	6.8	1,483	2,215
Other financial current assets		759	169
Other non-financial current assets		478	1,169
Assets held for sale	6.9	393	23,209
Total current assets		**75,172**	**76,844**
TOTAL ASSETS		**1,088,967**	**613,666**
EQUITY			
Equity attributable to owners of the Company	6.10	485,682	412,798
Non-controlling interests		475	475
Total equity		**486,157**	**413,273**
NON-CURRENT LIABILITIES			
Bonds issued	6.11	12,655	12,482
Financial debts	6.12	507,172	128,348
Deferred tax liabilities		27,830	12,911
Provisions		1,363	1,712
Other non-current liabilities		5,300	3,524
Total non-current liabilities		**554,320**	**158,977**
CURRENT LIABILITIES			
Bonds issued	6.11	141	142
Financial debts	6.12	39,410	20,718
Trade payables		1,638	1,657
Advance payments		255	395
Derivative instruments		--	7
Other financial current liabilities	6.13	3,464	599
Other non-financial current liabilities	6.14	3,582	3,030
Liabilities linked to assets held for sale	6.9	--	14,868
Total current liabilities		**48,490**	**41,416**
TOTAL EQUITY AND LIABILITIES		**1,088,967**	**613,666**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

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

	Note	Share capital	Share premium	Translation reserve	Other reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2017		**13,145**	**784,670**	**10,178**	**(395,195)**	**412,798**	**475**	**413,273**
Comprehensive income:								
Profit/(loss) for the period		**--**	**--**	**--**	**62,612**	**62,612**	**--**	**62,612**
Total comprehensive income		--	--	8,424	1,848	10,272	--	10,272
Total comprehensive income/(expense)		**--**	**--**	**8,424**	**1,848**	**10,272**	**--**	**10,272**
Total comprehensive income for the period		**--**	**--**	**8,424**	**64,460**	**72,884**	**--**	**72,884**
Total contributions by and distributions to owners of the Company		--	--	--	--	--	--	--
Total changes in ownership interests in subsidiaries		--	--	--	--	--	--	--
Total transactions with owners of the Company		--	--	--	--	--	--	--
Balance at 30 June 2017		**13,145**	**784,670**	**18,602**	**(330,735)**	**485,682**	**475**	**486,157**

	Note	Share capital	Share premium	Translation reserve	Other reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2016		**31,451**	**686,364**	**13,886**	**(527,299)**	**204,402**	**187**	**204,589**
Comprehensive income:								
Profit/(loss) for the period		**--**	**--**	**--**	**8,548**	**8,548**	**8**	**8,556**
Total comprehensive income		--	--	(2,146)	3,032	886	(1)	885
Total comprehensive income/(expense)		**--**	**--**	**(2,146)**	**3,032**	**886**	**(1)**	**885**
Total comprehensive income for the period		**--**	**--**	**(2,146)**	**11,580**	**9,435**	**7**	**9,442**
Contributions by and distributions to owners of the Company								
Capital decrease on 2 May 2016		(28,306)	28,306	--	--	--	--	--
Capital increase on 10 May 2016		10,000	70,000	--	--	80,000	--	80,000
Total contributions by and distributions to owners of the Company		**(18,306)**	**98,306**	**--**	**--**	**80,000**	**--**	**80,000**
Non-controlling interests´ transactions		--	--	--	--	--	110	110
Total changes in ownership interests in subsidiaries		**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total transactions with owners of the Company		**(18,306)**	**98,306**	**--**	**--**	**80,000**	**--**	**80,110**
Balance at 30 June 2016		**13,145**	**784,670**	**11,740**	**(515,719)**	**293,836**	**304**	**294,140**

Definitions

Share Capital is the initial nominal (or par) value of the shares which the shareholders subscribed from the issuing company.

Share Premium is an excess amount received by the Company over the par value of its shares. This amount forms a part of the non-distributable reserves of the Company which usually can be used only for purposes specified under corporate legislation.

Translation Reserve includes exchange differences relating to the translation of the results and net assets of the group's foreign operations from operational to the Group's consolidation currency. Exchange differences previously accumulated in the translation reserve are reclassified to profit or loss on the disposal of the respective foreign assets and operations.

Other Reserves are created from accumulated profits and losses and other equity operations, such as scope variations or revaluation of assets. These reserves may be subject to the distribution of dividends.

Non-controlling interests are interests of the Group's equity not attributable, directly or indirectly, to a parent. They belong to those shareholders who do not have a controlling interest in the Group.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

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

For the six-month period ended	Note	30 June 2017	30 June 2016
PROFIT BEFORE INCOME TAX		**77,298**	**11,238**
Adjusted by:			
Net valuation gain on investment property	5.5	(74,499)	(10,303)
Loss on the disposal of investment property		21	440
Depreciation/amortisation of tangible and intangible assets	5.6	46	19
Reversal of impairment of assets	5.6	(3,144)	(2,004)
Gain on the disposal of subsidiaries		(1,056)	(2,045)
Net finance costs	5.10,5.11	(10,825)	3,936
Exchange rate differences		11,612	811
Profit/(loss) before changes in working capital and provisions		**(545)**	**2,092**
Decrease/(increase) in inventories		262	(1,041)
Decrease/(increase) in trade receivables		152	(679)
Increase in trade payables		3,766	181
Changes in provisions		14	(581)
Income tax paid		460	(109)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**4,108**	**(137)**
Acquisition of investment property		(784)	(170)
Expenditure on investment property under development		--	(79)
Proceeds from sale of investment property		--	4,814
Proceeds from sale of available-for-sale financial assets		--	8,019
Proceeds from disposals of subsidiaries, net of cash disposed		9,004	3,225
Loans provided	6.3	(419,861)	--
Loans repaid		34,416	--
Interest received		460	--
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		**(376,765)**	**15,809**
Proceeds from issuance of ordinary shares		--	80,000
Repayment of bonds issued		--	(51,576)
Drawdowns of loans and borrowings		381,584	--
Repayments of loans and borrowings		(8,995)	(31,229)
Interest paid		(665)	(7,187)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**371,924**	**(9,992)**
NET INCREASE/(DECREASE) IN CASH		**(733)**	**5,680**
Cash and cash equivalents at the beginning of the year		2,215	3,264
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1,483**	**8,945**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

ORCO PROPERTY GROUP, société anonyme (the “**Company**”) and its subsidiaries (together the “**Group**” or “**OPG**”) is a real estate group with a major portfolio in Central and Eastern Europe. The core business of the Group is principally the development of properties for its own portfolio or intended to be sold in the ordinary course of business as well as providing of equity loans to other entities.

The Company is a joint stock company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg. The trade registry number of the Company is B 44 996.

Description of the ownership structure

As at 30 June 2017, CPI PROPERTY GROUP directly and indirectly owns 97.31% of ORCO PROPERTY GROUP (97.31% voting rights).

CPI PROPERTY GROUP S.A. (hereinafter also the “CPI PG”, and together with its subsidiaries as the “CPI PG Group”) is a real estate group founded in 2004. The Company is a Luxembourg based *Société Anonyme*, whose shares registered under ISIN code LU0251710041 are listed on the regulated market of the Frankfurt Stock Exchange in the General Standard segment.

Due to internal restructuring within the CPI PG Group, the major shareholder of the Group transferred on 23 June 2017 NUKASSO HOLDING LIMITED (including the below structure holding shares in the Group) to CPI PG’s fully owned subsidiary Czech Property Investments, a.s. (CPI a.s.). The reason for this, inter alia, is the fact that CPI a.s. is a CEE dedicated real estate vehicle of the CPI PG Group, where ORCO Property Group’s real estate assets shall be placed. This will streamline the real estate holdings structure and provide further benefits for the CPI PG Group.

For the list of shareholders as at 30 June 2017 refer to note 6.10.

Change in the Board of Directors

As at 30 June 2017 the Board of Directors consists of the following directors:

Mr. Jiří Dedera

Mr. Edward Hughes

Mr. Erik Morgenstern

As at 31 December 2016 the Board of Directors consisted of the following directors:

Mr. Jiří Dedera

Mr. Edward Hughes

Mr. Erik Morgenstern

Employees

The Group has 6 employees as at 30 June 2017 (as at 31 December 2016 – 10 employees).

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation

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

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

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

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

These condensed consolidated interim financial statements have not been audited.

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

Going concern

In determining the appropriate basis of preparation of the consolidated financial statements, the Board of Directors is required to consider whether the Group can continue in operational existence for the foreseeable future. The Board of Directors is of the view that no material uncertainty towards going concern exists as at 30 June 2017 primarily based on the following reasons:

- Current assets exceed current liabilities by EUR 26.7 million.
- The Group had a cash and cash equivalents balance of EUR 1.5 million as at 30 June 2017.
- The Company is incorporated into CPI, a.s. Group (Group operated by Czech Property Investments, a.s.) which prospers and is operationally strong and fully supports Company's operations. Major shareholder of CPI, a.s. is CPI PG, Luxembourg based company, whose shares are listed on the regulated market of the Frankfurt Stock Exchange.

Based on the aforementioned facts, the Board of Directors considers the going concern basis of preparation to be appropriate for the consolidated financial information. Thus, the consolidated financial statements as at 30 June 2017 have been prepared on the going concern basis that contemplates the continuity of regular business activities and realization of assets together with the settlement of liabilities in the ordinary course of business.

2.2 Changes in accounting policies

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

New accounting standards and amendments

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

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

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

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

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

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

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

New standards and interpretations not yet adopted

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

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

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

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

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

2.3 Estimates

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

2.4 Change in classification and presentation

The Group has amended classification and presentation of certain items in the condensed consolidated interim financial statements as at 30 June 2017 in order to reflect operational activities of its ultimate parent company CPI PG. To ensure consistency with the classification and presentation selected in the current period, reclassifications were made in the comparative financial statements as at 31 December 2016 and 30 June 2016 respectively.

3 The Group Structure

3.1 Changes in the Group structure in 2017

Over the first half of 2017, the following changes occurred in the Group:

3.1.1 Disposal of Capellen

On 25 January 2017, a share deal related to disposal of the office building in Capellen, Luxembourg was completed. The building with a gross lettable area of approximately 7,700 square meters, located in the Capellen business park just outside of the City of Luxembourg, was sold to a private investor.

3.1.2 Increase of share in the joint venture

On 29 June 2017, the Company and Unibail-Rodamco entered into documentation modifying parameters of their joint venture. The agreed modifications include, inter alia, the increase of the Company's share in the joint venture from 20% to 35%, certain governance rights as well as modifications of timeframe and parameters of the joint venture.

The joint venture, aimed at developing of a prime shopping center, is comprised of a 3.6 hectares plot located in the Bubny area, downtown Prague. The parties will continue to focus on implementing of the development of the anchor shopping center in the Bubny area.

3.2 Changes in the Group structure in 2016

During 2016, the Group has acquired the following entities:

Entity	Change	Share in %	Date of acquisition/foundation
Camuzzi, a.s.	acquisition	100.00%	1 December 2016
CPI - Krásné Březno, a.s.	acquisition	100.00%	1 December 2016
CPI - Land Development, a.s.	acquisition	100.00%	1 December 2016
CD Property, s.r.o.	acquisition	100.00%	1 December 2016
CPI South, s.r.o.	acquisition	90.00%	1 December 2016
Karviná Property Development, a.s.	acquisition	100.00%	1 December 2016
Strakonice Property Development, a.s.	acquisition	100.00%	1 December 2016
Svitavy Property Development, a.s.	acquisition	100.00%	1 December 2016

The following entities were disposed of/liquidated in 2016:

Entity	Change	Share in %	Date of disposal/liquidation
T-O Green Europe a.s.	disposal	100.00%	6 May 2016
Seattle, s.r.o.	disposal	100.00%	31 May 2016
Rubeška Development, s.r.o.	disposal	100.00%	31 May 2016
CWM 35 Kft.	disposal	100.00%	23 June 2016
Oak Mill, a.s.	disposal	100.00%	1 November 2016
ORCO Development Kft.	disposal	100.00%	3 November 2016
Na Poříčí, a.s.	disposal	100.00%	1 December 2016
OFFICE CENTER HRADČANSKÁ, a.s.	disposal	100.00%	1 December 2016
TQE, a.s.	disposal	100.00%	15 December 2016
Vaci 190 Projekt Kft.	disposal	100.00%	15 December 2016
Asmihati Holding Limited	liquidation	100.00%	16 December 2016

4 Segment reporting

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

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

Due to the fact, that the Group became part of the CPI PG Group in 2016, the management of the Group decided to modify the structure of reportable operating segments according to the ultimate parent company in 2017. Restatements were made in the comparative financial statements as at 31 December 2016 and 30 June 2016 respectively (refer to note 2.4).

Income generating rental properties

Within the segment "Income generating rental properties" the Group is considered to have three types of assets as at 30 June 2017, as follows:

- Office – acquires, develops and leases offices
- Industry and Logistics – acquires, develops and leases warehouses and factories
- Other – primarily includes intergroup service and financing entities

Development

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

Land bank

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

As at 30 June 2017

Consolidated profit or loss	Income generating - rental properties			Land bank	Development	Total consolidated
30 June 2017	Office	Industry and Logistics	Other			
Gross rental income	436	77	50	616	10	1,189
Service revenue	--	--	--	--	--	--
Net service charge income	(7)	(10)	--	(38)	--	(55)
Property operating expenses	(169)	(63)	(36)	(547)	(22)	(837)
Net rental income	**260**	**4**	**14**	**31**	**(12)**	**297**
Development sales	--	--	--	29	169	198
Cost of goods sold	--	--	--	(2)	(59)	(61)
Net development income	**--**	**--**	**--**	**27**	**110**	**137**
Total revenues	429	67	50	607	179	1,332
Total direct business operating expenses	(169)	(63)	(36)	(549)	(81)	(898)
Net business income	**260**	**4**	**14**	**58**	**98**	**434**
Net valuation gain or loss on investment property	5,133	--	--	69,366	--	74,499
Net gain or loss on the disposal of investment property	--	--	--	(21)	--	(21)
Net gain or loss on disposal of subsidiaries	--	--	1,056	--	--	1,056
Amortization, depreciation and impairments	(6)	--	2,672	18	414	3,098
Other operating income	5	47	71	40	--	163
Administrative expenses	(55)	(13)	(516)	(325)	(4)	(913)
Other operating expenses	--	--	(158)	57	(2)	(103)
Operating result	**5,337**	**38**	**3,139**	**69,193**	**506**	**78,213**
Interest income	--	--	19,213	(1)	--	19,212
Interest expense	(103)	--	(10,676)	71	--	(10,708)
Other net financial result	134	(38)	(4,465)	(4,044)	3	(8,410)
Net finance income/(costs)	**31**	**(38)**	**4,072**	**(3,974)**	**3**	**94**
Share of profit or loss of entities accounted for using the equity method	--	--	(1,009)	--	--	(1,009)
Profit before income tax	**5,368**	**--**	**6,202**	**65,219**	**509**	**77,298**
Income tax expense	(961)	(4)	92	(13,813)	--	(14,686)
Net profit/(loss) from continuing Operations	**4,407**	**(4)**	**6,294**	**51,406**	**509**	**62,612**

As at 30 June 2016

Consolidated profit or loss	Income generating - rental properties			Land bank	Development	Total consolidated
30 June 2016	Office	Industry and Logistics	Other			
Gross rental income	2,884	75	48	450	17	3,474
Service revenue	--	--	26	--	2	28
Net service charge income	717	28	--	38	--	783
Property operating expenses	(663)	(55)	(40)	(427)	(38)	(1,223)
Net rental income	**2,938**	**48**	**34**	**61**	**(19)**	**3,062**
Development sales	--	--	--	--	432	432
Cost of goods sold	--	--	--	--	(373)	(373)
Net development income	**--**	**--**	**--**	**--**	**59**	**59**
Total revenues	3,601	103	74	488	451	4,717
Total direct business operating expenses	(663)	(55)	(40)	(427)	(411)	(1,596)
Net business income	**2,938**	**48**	**34**	**61**	**40**	**3,121**
Net valuation gain or loss on investment property	3,086	4	--	7,213	--	10,303
Net gain or loss on the disposal of investment property	--	--	--	(431)	(9)	(440)
Net gain or loss on disposal of subsidiaries	--	--	586	--	1,459	2,045
Amortization, depreciation and impairments	(29)	--	254	131	1,629	1,985
Other operating income	36	66	183	8	22	315
Administrative expenses	(576)	(16)	(1,489)	(30)	(35)	(2,146)
Other operating expenses	(51)	(15)	(1)	(137)	(5)	(209)
Operating result	**5,404**	**87**	**(433)**	**6,815**	**3,101**	**14,974**
Interest income	--	--	384	--	--	384
Interest expense	(1,120)	--	(3,004)	--	--	(4,124)
Other net financial result	(50)	--	(720)	(267)	--	(1,037)
Net finance costs	**(1,170)**	**--**	**(3,340)**	**(267)**	**--**	**(4,777)**
Share of profit or loss of entities accounted for using the equity method	--	--	1,041	--	--	1,041
Profit/(Loss) before income tax	**4,234**	**87**	**(2,732)**	**6,548**	**3,101**	**11,238**
Income tax expense	(1,277)	(2)	(93)	(892)	(418)	(2,682)
Net profit/(loss) from continuing Operations	**2,957**	**85**	**(2,825)**	**5,656**	**2,683**	**8,556**

As at 30 June 2017

Statement of financial position 30 June 2017	Income generating – rental properties Office	Industry and Logistics	Other	Land bank	Development	Total consolidated
Gross assets value	**18,831**	**1,230**	**--**	**299,895**	**6,678**	**326,634**
Investment Property	18,831	1,230	--	299,858	--	319,919
Property, plant and equipment	--	--	--	26	--	26
Inventories	--	--	--	11	6,678	6,689
Other assets non-current	2	554	693 134	160	--	693,850
Other assets current	451	192	65 599	743	15	67,000
Cash and cash equivalents	404	184	449	412	34	1,483
Total Assets	**19,688**	**2,160**	**759,182**	**301,210**	**6,727**	**1,088,967**
Other payables non-current	1,279	4	4,784	28,339	87	34,493
Finance debts non-current	2,785	--	504,387	--	--	507,172
Bonds issued non-current	--	--	12,655	--	--	12,655
Other payables current	131	215	6,478	1,969	146	8,939
Finance debts current	4,493	--	34,917	--	--	39,410
Bonds issued current	--	--	141	--	--	141
Total Liabilities	**8,688**	**219**	**563,362**	**30,308**	**233**	**602,810**

As at 31 December 2016

Statement of financial position 31 December 2016	Income generating – rental properties Office	Industry and Logistics	Other	Land bank	Development	Total consolidated
Gross assets value	**13,106**	**1,230**	**--**	**225,530**	**6,474**	**246,340**
Investment Property	13,106	1,230	--	225,454	--	239,790
Property, plant and equipment	--	--	--	26	--	26
Inventories	--	--	--	50	6,474	6,524
Other assets non-current	--	541	295,782	683	--	297,006
Other assets current	23,328	341	43,482	924	30	68,105
Cash and cash equivalents	343	146	401	684	641	2,215
Total Assets	**36,777**	**2,258**	**339,665**	**227,821**	**7,145**	**613,666**
Other payables non-current	503	--	1,172	13,249	--	14,924
Finance debts non-current	2,633	4	124,188	1,414	109	128,348
Bonds issued non-current	--	--	15,705	--	--	15,705
Other payables current	15,013	370	2,628	2,402	143	20,556
Finance debts current	4,351	--	16,367	--	--	20,718
Bonds issued current	--	--	142	--	--	142
Total Liabilities	**22,500**	**374**	**160,202**	**17,065**	**252**	**200,393**

As at 30 June 2017

Consolidated profit or loss 30 June 2017	Czech Republic	Luxembourg	Poland	Other*	Total consolidated
Gross rental income	977	50	162	--	1,189
Net service charge income	(7)	--	(48)	--	(55)
Property operating expenses	(833)	--	(4)	--	(837)
Net rental income	**137**	**50**	**110**	**--**	**297**
Development sales	198	--	--	--	198
Cost of goods sold	(59)	--	(2)	--	(61)
Net development income	**139**	**--**	**(2)**	**--**	**137**
Total revenues	1,168	50	114	--	1,332
Total direct business operating expenses	(892)	--	(6)	--	(898)
Net business income	**276**	**50**	**108**	**--**	**434**
Net valuation gain or loss on investment property	74,499	--	--	--	74,499
Net gain or loss on the disposal of investment property	(21)	--	--	--	(21)
Net gain or loss on disposal of subsidiaries	--	1,056	--	--	1,056
Amortization, depreciation and impairments	2,025	1,119	(46)	--	3,098
Other operating income	89	72	2	--	163
Administrative expenses	(130)	(748)	(33)	(2)	(913)
Other operating expenses	(217)	(6)	120	--	(103)
Operating result	**76,521**	**1,543**	**151**	**(2)**	**78,213**
Interest income	(1)	19,212	--	--	19,212
Interest expense	5	(10,676)	(37)	--	(10,708)
Other net financial result	(5,484)	(3,062)	136	--	(8,410)
Net finance income/(costs)	**(5,480)**	**5,475**	**99**	**--**	**94**
Share of profit of equity-accounted investees (net of tax)	--	(1,009)	--	--	(1,009)
Profit/(Loss) before income tax	**71,041**	**6,009**	**250**	**(2)**	**77,298**
Income tax expense	(14,818)	93	39	--	(14,686)
Net profit/(loss) from continuing operations	**56,223**	**6,102**	**289**	**(2)**	**62,612**

**Other countries include operations in France, Germany and Guernsey.*

As at 30 June 2016

Consolidated profit or loss 30 June 2016	Czech Republic	Luxembourg	Poland	Hungary	Other*	Total consolidated
Gross rental income	2,340	912	161	61	--	3,474
Service revenue	2	26	--	--	--	28
Net service charge income	803	196	(253)	37	--	783
Property operating expenses	(871)	(177)	--	(175)	--	(1,223)
Net rental income	**2,274**	**957**	**(92)**	(77)	**--**	**3,062**
Development sales	432	--	--	--	--	432
Cost of goods sold	(373)	--	--	--	--	(373)
Development operating expenses	--	--	--	--	--	--
Net development income	**59**	**--**	**--**	**--**	**--**	**59**
Total revenues	3,577	1,134	(92)	98	--	4,717
Total direct business operating expenses	(1,244)	(177)	--	(175)	--	(1,596)
Net business income	**2,333**	**957**	**(92)**	**(77)**	**--**	**3,121**
Net valuation gain or loss on investment property	8,990	--	178	1,135	--	10,303
Net gain or loss on the disposal of investment property	(9)	--	(431)	--	--	(440)
Net gain or loss on disposal of subsidiaries	1,459	586	--	--	--	2,045
Amortization, depreciation and impairments	2,006	18	--	(39)	--	1,985
Other operating income	117	15	--	--	183	315
Administrative expenses	(805)	(1,195)	(95)	(50)	(1)	(2,146)
Other operating expenses	(89)	(91)	(4)	(25)	--	(209)
Operating result	**14,002**	**290**	**(444)**	**944**	**182**	14,974
Interest income	--	384	--	--	--	384
Interest expense	(788)	(3,290)	(44)	--	(2)	(4,124)
Other net financial result	(85)	(679)	(169)	(104)	--	(1,037)
Net finance costs	**(873)**	**(3,585)**	**(213)**	**(104)**	**(2)**	(4,777)
Share of profit of equity-accounted investees (net of tax)	--	1,041	--	--	--	1,041
Profit/(Loss) before income tax	**13,129**	**(2,254)**	**(657)**	**840**	**180**	**11,238**
Income tax expense	(1,816)	(1,991)	274	851	--	(2,682)
Net profit/(loss) from continuing operations	**11,313**	**(4,245)**	**(383)**	**1,691**	**180**	**8,556**

**Other countries include operations in France, Germany and Guernsey.*

As at 30 June 2017

Consolidated statement of financial position 30 June 2017	Czech Republic	Luxembourg	Poland	France	Germany	Guernsey	Total consolidated
Gross assets value	**321,603**	**--**	**5,031**	**--**	**--**	**--**	**326,634**
Investment Property	314,888	--	5,031	--	--	--	319,919
Property, plant and equipment	26	--	--	--	--	--	26
Inventories	6,689	--	--	--	--	--	6,689
Other assets non-current	4,296	687,673	2	--	3	1,876	693,850
Other assets current	1,027	65,519	450	--	4	--	67,000
Cash and cash equivalents	630	397	413	--	43	--	1,483
Total Assets	**327,556**	**753,589**	**5,896**	**--**	**50**	**1,876**	**1,088,967**
Other payables non-current	30,900	3,423	170	--	--	--	34,493
Finance debts non-current	--	504,387	2,785	--	--	--	507,172
Bonds issued non-current	--	12,655	--	--	--	--	12,655
Other payables current	3,211	833	1,477	113	10	3,295	8,939
Finance debts current	4,387	34,917	106	--	--	--	39,410
Bonds issued current	--	141	--	--	--	--	141
Total Liabilities	**38,498**	**556,356**	**4,538**	**113**	**10**	**3,295**	**602,810**

As at 31 December 2016

Consolidated statement of financial position 31 December 2016	Czech Republic	Luxembourg	Poland	France	Germany	Guernsey	Total consolidated
Gross assets value	**241,520**	**--**	**4,820**	**--**	**--**	**--**	**246,340**
Investment Property	234,970	--	4,820	--	--	--	239,790
Property, plant and equipment	26	--	--	--	--	--	26
Inventories	6,524	--	--	--	--	--	6,524
Other assets non-current	4,547	292,455	--	--	4	--	297,006
Other assets current	1,417	66,105	464	116	3	--	68,105
Cash and cash equivalents	1,468	281	414	8	44	--	2,215
Total Assets	**248,952**	**358,841**	**5,698**	**124**	**51**	**--**	**613,666**
Other payables non-current	14,302	--	622	--	--	--	14,924
Finance debts non-current	1,315	122,765	2,850	--	--	1,418	128,348
Bonds issued non-current	--	15,705	--	--	--	--	15,705
Other payables current	4,125	15,068	1,116	237	10	--	20,556
Finance debts current	4,247	16,366	105	--	--	--	20,718
Bonds issued current	--	142	--	--	--	--	142
Total Liabilities	**23,989**	**170,046**	**4,693**	**237**	**10**	**1,418**	**200,393**

5 Condensed consolidation interim statement of comprehensive income

5.1 Gross rental income

For the six-month period ended

	30 June 2017	30 June 2016
Gross rental income	1,189	3,474
Service revenue	--	28
Total gross rental income	**1,189**	**3,502**

Revenue decreased year on year to EUR 1.2 million for the first six months of 2017 compared to EUR 3.5 million over the same period in 2016. This decrease relates primarily to disposal of Na Poříčí and Hradčanská project in November 2016 (net decrease of EUR 1.6 million) and Capellen in January 2017 (net decrease of EUR 0.9 million).

5.2 Net service charge income/(expense)

For the six-month period ended

	30 June 2017	30 June 2016
Service charge income	311	1,088
Service charge expenses	(372)	(310)
Total	**(61)**	**778**
Revenues from sales of energy	6	5
Total	**6**	**5**
Total net service charge income	**(55)**	**783**

5.3 Property operating expenses

For the six-month period ended

	30 June 2017	30 June 2016
Building maintenance	(59)	(369)
Utilities Supplies	(261)	(371)
Real estate tax	(40)	(117)
Facility management	(145)	(35)
Letting fee, other fees paid to real estate agents	(12)	--
Insurance	(12)	--
Other property related expenses	(308)	(331)
Total property operating expenses	**(837)**	**(1,223)**

5.4 Net development income

For the six-month period ended

	30 June 2017	30 June 2016
Development sales	198	432
Cost of goods sold	(61)	(373)
Total net development income	**137**	**59**

Net development income both in 2017 and 2016 relates to development project Benice.

5.5 Net valuation gain

Investment properties are stated at fair value as at 31 December 2016 based on external valuations performed by professionally qualified valuers. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all these properties, their current use equates to the highest and best use. The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes.

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

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

	30 June 2017	30 June 2016
Valuation gains		
Industry and logistics	--	4
Land bank	69,366	7,252
Office	5,133	3,086
Total valuation gains	**74,499**	**10,342**
Valuation losses		
Land bank	--	(39)
Total valuation losses	**--**	**(39)**
Net valuation gain	**74,499**	**10,303**

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

For the assumptions, the professional valuators used for the preparation of appraisals as at 30 June 2017 refer to note 7.1.2.

5.6 Amortization, depreciation and impairments

For the six-month period ended

	30 June 2017	30 June 2016
Depreciation and amortization - Rental	(46)	(19)
Total reversal of impairment (1)	3,144	2,004
Total depreciation, amortization and impairments	**3,098**	**1,985**

(1) In 2017, impairment of assets contains mainly reversal of impairment of Radio Free Europe receivable in the amount of EUR 1.6 million and reversal of impairment of provided loans amounting EUR 1.1 million.

5.7 Administrative expenses

For the six-month period ended

	30 June 2017	30 June 2016
Personnel expenses	(169)	(129)
Audit, tax and advisory services	(241)	(1,175)
Legal services	(156)	(184)
Other administrative expenses	(71)	(430)
Lease and rental expenses	(68)	(86)
Advertising expenses	(43)	--
IT expenses	--	(12)
Telecommunication, internet and software related expenses	(7)	--
Representation expenses	(14)	(106)
Other insurance expenses	(117)	(24)
Material consumption	(3)	--
Repairs and maintenance	(1)	--
Valuation services	(23)	--
Total administrative expenses	**(913)**	**(2,146)**

5.8 Other operating expenses

For the six-month period ended

	30 June 2017	30 June 2016
Penalties	--	(89)
Tax non-deductible VAT expenses	(8)	--
Gifts	(2)	--
Other	(93)	(120)
Total other operating expenses	**(103)**	**(209)**

5.9 Interest income

For the six-month period ended

	30 June 2017	30 June 2016
Interest income on loans and receivables	19,212	384
Total interest income	**19,212**	**384**

Significant increase in interest income on loans and receivables relates mainly to new loans provided to related parties (refer to note 6.3 and 11).

5.10 Interest expense

For the six-month period ended

	30 June 2017	30 June 2016
Interest expense related to bank and non-bank loans (1)	(10,036)	(1,794)
Interest expense on bonds issued	(672)	(2,330)
Total interest expense	**(10,708)**	**(4,124)**

(1) Interest expense related to bank and non-bank loan increased mainly due to new drawdown of the existing loan provided to the Group by related party, refer to note 6.12 and 11.

5.11 Other net financial result

For the six-month period ended

	30 June 2017	30 June 2016
Change in fair value and realized result on derivative instruments (1)	3,179	121
Other net financial results	(660)	(263)
Net foreign exchange loss (2)	(10,903)	(841)
Bank charges	(26)	(54)
Total other net financial results	**(8,410)**	**(1,037)**

(1) Change in fair value and realized result on derivative instruments relates to the fair value gain on the derivative assets (EUR 3.2 million) reflecting the value of the subscription rights for the new shares of CPI PG, refer to note 6.6.

(2) In April 2017, the Czech National Bank ended its Czech koruna floor commitment. The Czech koruna has been steadily appreciating since then. As there have been significant financing transactions between the Company and CPI PG Group (mainly CPI a.s., whose functional currency is Czech koruna – refer to note 6.12), this was the major factor leading to this significant net foreign exchange loss in 2017.

5.12 Income tax expense

Tax recognized in profit or loss

	30 June 2017	30 June 2016
Current income tax expense		
Current year	8	--
Adjustment for prior years	92	(97)
Total	**100**	**(97)**
Deferred income tax expense		
Origination and reversal of temporary differences	(14,786)	(2,585)
Total	**(14,786)**	**(2,585)**
Income tax from continuing operations recognised in profit and loss	**(14,686)**	**(2,682)**
Total income tax recognised in profit or loss	**(14,686)**	**(2,682)**

Tax expense for the six-month period ended 30 June 2017 is recognized based on management´s best estimate of the effective tax rate for full financial year 2017. The Company´s effective tax rate in respect of continuing operations for the six-month period ended 30 June 2017 was approximately 19 %.

6 Condensed consolidated interim statement of financial position

6.1 Investment property

	Income Generating - Rental properties		Subtotal - rental properties	Land bank	TOTAL
	Office	Industry and logistics			
Balance at 1 January 2016	**98,323**	**1,150**	**99,473**	**142,352**	**241,825**
Investments/acquisitions	546	--	546	76,698	77,244
Disposals	(63,612)	--	(63,612)	(134)	(63,746)
Valuation gain	501	72	573	6,492	7,065
Transfers in/from assets held for sale	(22,500)	--	(22,500)	--	(22,500)
Translation differences	(143)	--	(143)	45	(98)
Balance at 31 December 2016	**13,115**	**1,222**	**14,337**	**225,453**	**239,790**
Additions	4	8	12	772	784
Valuation gain	5,133	--	5,133	69,366	74,499
Translation differences	579	--	579	4,267	4,846
Balance at 30 June 2017	**18,831**	**1,230**	**20,061**	**299,858**	**319,919**

Valuation gain

2017

	Office	Industry and logistics	Land bank	TOTAL
Czech Republic	5,133	--	69,366	74,499
Total for 2017	**5,133**	**--**	**69,366**	**74,499**

The movements in fair value are related to the land bank and office:

- In the Czech Republic, the fair value increased for Bubny (EUR 56.0 million), Rezidence Pragovka (EUR 13.3 million) and Bubenská (EUR 5.1 million).

2016

	Office	Industry and logistics	Land bank	TOTAL
Czech Republic	743	72	6,493	7,308
Hungary	1,024	--	--	1,024
Luxembourg	(1,433)	--	--	(1,433)
Poland	166	--	--	166
Total for 2016	**500**	**72**	**6,493**	**7,065**

The movements in fair value are related mainly to the land bank and office:

- in the Czech Republic, the fair value increased for Bubny (EUR 2.0 million), Zbrojovka Brno (EUR 1.8 million) and May House (EUR 1.0 million);
- in Hungary, the fair value increased for Vaci 188 (EUR 0.6 million) and Vaci 190 (EUR 0.4 million);
- in Luxembourg, the fair value decreased for Capellen (EUR 1.4 million).

Investments/Acquisitions

2016

In 2016, the Group has invested EUR 0.3 million into refurbishment of buildings in Luxembourg and EUR 0.8 million into construction works in the development.

In 2016, the Group acquired from Czech Property Investment, a.s. group development projects located in the Czech Republic, comprising of land bank for future developments.

Disposals

2016

In 2016, the Group disposed these projects:

- In the Czech Republic: Na Poříčí (EUR 41.0 million) and Hradčanská (EUR 14.0 million);
- In Hungary: Vaci 188 (EUR 6.8 million) and Vaci 190 (EUR 1.5 million).

Transfer in/from assets held for sale

2016

The property Capellen in Luxembourg was transferred to assets held for sale in 2016. The sale was completed in January 2017 (see Note 3.1.1).

Pledged investment properties

Two investment properties with a fair value of EUR 18.6 million as at 30 June 2017 (EUR 13.1 million as at 31 December 2016) have been pledged as a security for bank loans amounting to EUR 7.3 million (EUR 7.2 million as at 31 December 2016).

6.2 Available-for-sale financial assets

Share in CPI PROPERTY GROUP

As at 30 June 2017 the Group holds 93,169,351 shares in CPI PG, which represents app. 1.12% of the shareholding and is valued at EUR 34.9 million (in 2016 EUR 33.0 million).

The valuation of CPI PG shares held by the Group is based on alternative valuation model. The management determined the use of EPRA NAV per share (Net asset value per share determined based on the methodology of European Public Real Estate Association, www.epra.com) of CPI PG as the most representative alternative valuation model primarily due to the followings:

- EPRA NAV is a globally recognized measure of fair value;
- EPRA NAV takes into consideration the fair value of the net assets of a company, applying known aspects of the company’s business model.

For the valuation of the CPI PG shares held as at 30 June 2017 EPRA NAV per CPI PG share as at 30 June 2017 was used. The same valuation approach was used as at 31 December 2016, when the Company used for the valuation of CPI PG shares EPRA NAV per share of CPI PG as at 31 December 2016. EPRA NAV per share of CPI PG (EUR 0.37) differs to from the price at the stock-exchange (EUR 0.65) as at 30 June 207.

The detail calculation of EPRA NAV per share of CPI PG is presented in the Half year management report of this Group available at www.cpipg.com.

6.3 Loans provided

6.3.1 Non-current loans provided

	30 June 2017	31 December 2016
Loans provided - related parties and joint ventures	541,269	146,513
Loans provided - third parties	500	14
Bills of exchange - third parties	3,582	3,323
Total non-current loans provided	**545,351**	**149,850**
Impairment to non-current loans provided to third parties	--	--
Total non-current loans provided net of impairment	**545,351**	**149,850**

6.3.2 Current loans provided

	30 June 2017	31 December 2016
Loans provided - related parties and joint ventures	19,406	989
Loans provided - third parties	90	4
Total current loans provided	**19,496**	**993**
Impairment to current loans provided to third parties	--	--
Total current loans provided net of impairment	**19,496**	**993**

Loans provided substantially increased due to new loans provided to related parties. These loans bear interest rate between 6% - 12% p.a. and mature between years 2018 - 2031. For more information refer to note 11.

Loans provided to joint venture include loan plus interest granted to the company Uniborc (JV with Unibail Rodamco) in the amount of EUR 9.1 million as at 30 June 2017 (EUR 5.5 million as at 31 December 2016). This joint venture with Unibail Rodamco, started in April 2013, is mainly financed through an equity loan by both partners in the same proportion as their respective shareholdings.

Bills of exchange in the amount of EUR 3.6 million as at 30 June 2017 (EUR 3.3 million as at 31 December 2017) relate to Radio Free Europe/HAGIBOR OFFICE BUILDING deferred consideration.

6.4 Deferred tax assets

The Company recognized the deferred tax assets from tax losses carried forward in total amount of EUR 113 million as at 30 June 2017 (as at 31 December 2016 – EUR 113 million). The recognition of the deferred tax asset is based on the future taxable profits that are expected to be generated after the incorporation of the Company into the corporate structure of CPI PG. The expected profits reflect the strategy of CPI PG in which the Company is expected to gradually realize its development projects together with the rendering of financial services for all entities of CPI PG.

6.5 Inventories

	30 June 2017	31 December 2016
Projects and property for resale (1)	6,264	6,484
Projects under development	--	5
Construction contracts - work in progress	1	1
Other inventory	424	34
Total inventories	**6,689**	**6,524**

(1) Projects and property for resale both in 2017 and 2016 relates primarily to Prague´s development project Benice 1b.

6.6 Derivative instruments

The Extraordinary General Meeting of CPI PG held on 26 May 2016 approved the capital raising goal of EUR 330,376,830, by giving to the CPI PG shareholders a possibility to participate at a future capital increase of the Company, on terms to be further determined, at an issue price of EUR 0.10 per new share to be issued. The Company obtained a confirmation from CPI PG that the Company is entitled to subscribe to the respective portion of CPI PG shares at EUR 0.10 until 31 December 2017.

Accordingly, the Group recognized a finance asset of EUR 41.9 million as at 30 June 2017. The valuation of the financial asset reflects the lower subscription price than the value of CPI PG shares valued at EPRA NAV as at 30 June 2017 (refer to the note 6.2) together with the dilution effect of potential new subscribed shares by OPG on the value of EPRA NAV per share. The Company's subscription right is valid and effective till 31 December 2017. The subscription right is not transferable.

6.7 Trade and other receivables

	30 June 2017	31 December 2016
Trade receivables due from related parties (1)	2,241	2,232
Trade receivables due from third parties	1,447	1,601
Total current trade and other receivables	**3,688**	**3,833**

(1) Trade receivables due from related parties mainly composed of administrative fees in the amount of EUR 2.2 million.

6.8 Cash and cash equivalents

	30 June 2017	31 December 2016
Bank balances	1,465	2,201
Cash on hand	18	14
Total	**1,483**	**2,215**

6.9 Assets/Liabilities linked to assets held for sale

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

2017

Project Capellen in Luxembourg was sold in January 2017, refer to note 3.1.1.

2016

In 2016, the project Capellen in Luxembourg was classified as held for sale and its total assets was EUR 22.8 million and liabilities EUR 14.9 million and the polish project Marki was classified as asset held for sale (EUR 0.4 million).

6.10 Equity

Changes in equity

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

Share capital and share premium

The subscribed and fully paid-up capital of the Company of EUR 13,145,076.29 is represented by 1,314,507,629 ordinary shares, without nominal value. The shares of the Company have an accounting par value of EUR 0.01 per share and are fully paid. Each share is entitled to a prorate portion of the profits and share capital of the Company, as well as to a voting right and representation at the time of a general meeting, all in accordance with statutory and legal provisions.

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

Shareholder	Number of shares	Share held	Voting rights
CPI PROPERTY GROUP	1,279,198,976	97.31%	97.31%
Others	35,308,653	2.69%	2.69%
Total	**1,314,507,629**	**100.00%**	**100.00%**

No change in the share capital of the Company occurred during the first half of 2017.

Earnings per share

	30 June 2017	30 June 2016
At the beginning of the period	**1,314,507,629**	**314,507,629**
Shares issued	1,314,507,629	314,507,629
Weighted average movements	**--**	**279,452,055**
Issue of new shares	--	279,452,055
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**1,314,507,629**	**593,959,684**
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**1,314,507,629**	**593,959,684**
Net profit attributable to the Equity holders of the Company	**62,612**	**8,548**
Net profit attributable to the Equity holders of the Company after assumed conversions/exercises	**62,612**	**8,548**
Total Basic earnings in EUR per share	**0.05**	**0.01**
o/w discontinued operations	--	--
Diluted earnings in EUR per share	**0.05**	**0.01**
o/w discontinued operations	--	--

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

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

6.11 Bonds issued

In 2012, the Company issued New Notes.

Terms and conditions

The terms and condition of the Notes after the amendment in November 2014 are as follows:

Interest	Cash interest will be paid semi-annually in arrears on 7 May and 7 November in each year, or the following business day if such day is not a business day, beginning 7 May 2015
	7 % cash interest per annum
Repayment date	7 November 2019, repayment of the outstanding principal amount of the New Notes
Guarantee	Implementation of guarantee by CPI PG which guarantees the due and punctual payment of all sums payable by the Company
Covenants	Financial covenants, restriction on payments and certain transactions with shareholders and affiliates
ISIN	XS0820547742
Listing	Luxembourg Stock Exchange
Governing law	English

New Notes guarantee

On 7 November 2014, the Company and CPI PG entered into a trust deed (the “Trust Deed”) pursuant to which CPI PG agreed to unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Company in relation to its Notes (registered under ISIN code XS0820547742), which were issued on 4 October 2012 and amended and restated pursuant to the Trust Deed. CPI PG has also undertaken in the Trust Deed to be bound by certain limitations on its activities and to maintain certain financial ratios.

In consideration of CPI PG's entry into the Trust Deed and the guarantee given thereunder, the Company has agreed to pay to CPI PG a guarantee fee of 3% per annum of the outstanding principal balance of the Notes, payable on a payment in kind (PIK) basis falling due on the business day after all amounts payable in connection with the Notes have been paid in full.

As of 30 June 2017, the total debt of Company towards CPI PG relating to this guarantee amounts to EUR 3.4 million (as at 31 December 2016: EUR 3.1 million) and is disclosed within “Other non-current liabilities” line.

2017

The remaining outstanding balance of New Notes is 1,514,461 pieces in the book value of EUR 12.8 million as at 30 June 2017.

2016

In May 2016, the Company managed to purchase in aggregate 5,630,662 pieces of the Notes for an aggregate consideration of EUR 49.2 million. The purchased Notes, which represent approximately 77% of the number of the issued Notes, shall be cancelled.

On 1 June 2016, the Company purchased additional 160,000 pieces of the New Notes in amount of EUR 1.4 million.

6.12 Financial debts

6.12.1 Non-current financial debts

	30 June 2017	31 December 2016
Loans from related parties (1)	504,359	125,456
Loans from third parties	28	52
Bank loans	2,785	2,840
Total non-current financial debts	**507,172**	**128,348**

(1) As at 30 June 2017 the principal of the loan provided by Czech Property Investments, a.s. to the Group amounts to EUR 504.4 million (EUR 123.9 million as at 31 December 2016). Refer to note 11.

6.12.2 Current financial debts

	30 June 2017	31 December 2016
Loans from related parties (1)	34,917	16,175
Loans from third parties	--	192
Bank loans including overdraft	4,493	4,351
Total current financial debts	**39,410**	**20,718**

(1) Loans provided to the Group by CPI PG Group increased to EUR 34.9 million as at at 30 June 2017. These loans bear interest rate 3% p.a. and mature in 2017.

6.13 Other financial current liabilities

	30 June 2017	31 December 2016
Deferred income/revenue	4	420
Other payables due to third parties	3,460	179
Total	**3,464**	**599**

6.14 Other non-financial current liabilities

	30 June 2017	31 December 2016
Current income tax liabilities	86	--
Value added tax payables	2,253	2,144
Other tax payables (excl. CIT and VAT)	5	3
Payables due to employees, SHI, employees income tax	17	18
Payables from retention	--	7
Provisions	1,221	858
Total	**3,582**	**3,030**

7 Fair value measurement

7.1 Fair value of financial instruments

Fair value measurements of financial instruments reported at fair value are classified by level of the following measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading securities and financial assets at fair value through profit or loss) is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group is using a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Valuations are performed regularly on the basis of the management best estimates of the credit risk of the Group or of the specific entity concerned in the light of existing, available and observable market data.

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

Accounting classification and fair values

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

30 June 2017	Carrying amount Financial assets & liabilities measured at fair value	 Financial assets & liabilities not measured at fair value (*)	 Level 1	Fair value Level 2	 Level 3
FINANCIAL ASSETS					
Investment in joint ventures	--	3	--	--	3
CPI Property Group shares (**)	34,890	--	--	--	34,890
Available-for-sale financial assets	**34,890**	**3**			
Radio Free Europe deferred consideration	--	3,582	--	--	3,582
Loan provided to joint venture	--	9,072	--	--	9,072
Loans provided	--	532,697	--	--	532,697
Trade and other receivables	--	92	--	--	--
Non-current loans and receivables	**--**	**545,443**			
Trade and other receivables	--	3,688	--	--	--
Loans provided	--	19,496	--	--	19,496
Other current financial assets	--	759	--	--	--
Cash and cash equivalent	--	1,483	--	--	--
Current financial assets		**25,426**			
FINANCIAL LIABILITIES					
Bonds issued	--	12,655	--	--	12,655
Financial debt (floating rate bank debts)	--	2,785	--	--	2,785
Financial debt (other borrowings)	--	504,387	--	--	504,387
Long term liabilities	--	5,300	--	--	5,300
Non-current financial liabilities	**--**	**525,127**			
Bonds issued	--	141	--	--	141
Financial debt (floating rate bank debts)	--	4,493	--	--	4,493
Financial debt (other borrowings)	--	34,917	--	--	34,917
Advanced payments	--	255	--	--	--
Trade payables	--	1,638	--	--	--
Other financial current liabilities	--	3,464	--	--	--
Current financial liabilities	**--**	**44,908**			

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

(**) The Group applied transaction price based on the observable prices on the market. For the valuation as at 30 June 2017 the Group´s share is valued using EPRA NAV per share of CPI PG as at 30 June 2017 (refer to note 6.2).

31 December 2016	Carrying amount Financial assets & liabilities measured at fair value	 Financial assets & liabilities not measured at fair value (*)	 Level 1	Fair value Level 2	 Level 3
FINANCIAL ASSETS					
Investment in joint ventures	--	4	--	--	4
CPI Property Group shares (**)	33,042	--	--	--	33,042
Available-for-sale financial assets	**33,042**	**4**			
Radio Free Europe deferred consideration	--	3,323	--	--	3,323
Loan granted to joint venture	--	3,255	--	--	3,255
Loans provided	--	143,357	--	--	143,357
Trade and other receivables	--	85	--	--	--
Non-current loans and receivables	**--**	**150,020**			
Trade and other receivables	--	3,844	--	--	--
Derivative instruments	38,732	--	--	--	38,732
Other current financial assets	--	169	--	--	--
Cash and cash equivalent	--	2,215	--	--	--
Current financial assets	**38,732**	**6,228**			
FINANCIAL LIABILITIES					
Bonds issued	--	12,482	--	--	12,482
Financial debt (floating rate bank debts)	--	2,840	--	--	2,840
Financial debt (other borrowings)	--	125,508	--	--	125,508
Long term liabilities	--	3,524	--	--	3,524
Non-current financial liabilities	**--**	**144,354**			
Bonds issued	--	142	--	--	142
Financial debt (floating rate bank debts)	--	4,351	--	--	4,351
Financial debt (other borrowings)	--	16,367	--	--	16,367
Derivative instruments	7	--	--	7	--
Advanced payments	--	395	--	--	--
Trade payables	--	1,657	--	--	--
Other financial current liabilities	--	599	--	--	--
Current financial liabilities	**7**	**23,511**			

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

(**) The Group applied transaction price based on the observable prices on the market. For the valuation as at 31 December 2016 the Group´s share is valued using EPRA NAV per share of CPI PG as at 31 December 2016 (refer to note 6.2).

7.1.1 Fair value measurement of investment property

The Group’s investment properties were valued at 31 December 2016 in accordance to the Group’s accounting policies. The Group utilizes independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all these properties, their current use equates to the highest and best use.

The Group’s finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes.

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

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

At 1 January 2017 the fair value measurement for investment property of EUR 239.8 million has been categorized as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the first half of 2017.

7.1.2 Main observable and unobservable inputs

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for the respective part of each class of property, which has been revaluated as at 30 June 2017.

30 June 2017	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
					Min.	Max.	Avg.
Czech Republic	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm		-	(135 EUR/sqm)
			Level 3	Net current income per sqm		-	(- EUR/sqm)
			Level 3	Equivalent yield		-	(8.50%)
			Level 3	Vacancy rate		-	(0.00%)
			Level 3	Fair value			14 MEUR
Remaining part	**Office**			Fair value			5 MEUR
Czech Republic	**Land Bank**	Comparable	Level 3	Fair value per sqm	144 EUR/sqm	- 3,021 EUR/sqm	(2,539 EUR/sqm)
			Level 3	Fair value			138 MEUR
Remaining part	**Land Bank**			Fair value			162 MEUR
	Industry			Fair value			1 MEUR

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuators as at the end of 31 December 2016.

31 December 2016	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average		
					Min.	Max.	Avg.
Czech Republic	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm		-	(55 EUR/sqm)
			Level 3	Net current income per sqm		-	(27 EUR/sqm)
			Level 3	Equivalent yield		-	(9.21%)
			Level 3	Vacancy rate		-	(27.49%)
			Level 3	Fair value			8.3 MEUR
Poland	**Office**	Income capitalisation	Level 3	Estimated rental value per sqm		-	(241 EUR/sqm)
			Level 3	Net current income per sqm			(234 EUR/sqm)
			Level 3	Equivalent yield		-	(6.50%)
			Level 3	Vacancy rate			(0.00%)
			Level 3	Fair value		-	4.8 MEUR
Czech Republic	**Industry and Logistic**	Income capitalisation	Level 3	Estimated rental value per sqm		-	(21 EUR/sqm)
			Level 3	Net current income per sqm			(17 EUR/sqm)
			Level 3	Equivalent yield		-	(11.84%)
			Level 3	Vacancy rate			(20.60%)
			Level 3	Fair value		-	1.2 MEUR

31 December 2016	Asset Type	Valuation technique	Fair value hierarchy	Significant unobservable inputs	Weighted average			
					Min.		Max.	Avg.
Czech Republic	**Land Bank**	Comparable	Level 3	Fair value per sqm	3 EUR/sqm	-	943 EUR/sqm	(179 EUR/sqm)
			Level 3	Fair value				218 MEUR
Czech Republic	**Land Bank**	Residual	Level 3	Total EMRV per sqm	88 EUR/sqm	-	157 EUR/sqm	(128 EUR/sqm)
			Level 3	Gross development value per sqm	1,065 EUR/sqm		2,256 EUR/sqm	(1,762 MEUR)
			Level 3	Development margin	20.00%		22.50%	(21.04%)
				Fair value				7.5 MEUR
Czech Republic	Asset Held for Sale			Valued on transaction basis				(22.9 MEUR)

8 Contingencies

The Company has given guarantees as security to banks financing Group's projects. The Group has also given certain guarantees in the ordinary course of business, more specifically on the residential units delivered. These guarantees are internally covered by the guarantees granted by the general contractor and provisions where needed.

In June 2007 the Company issued a guarantee up to a maximum amount of EUR 5 million to secure all payment claims of IBB Holding and BTGI against inter alia Gewerbesiedlungs-Gesellsschaft (Berlin), Orco Russian Retail, and MSREF V/MSREF Turtle B.V under an option agreement dated 22/23 May 2006 as amended on 24/25 April 2007 concerning the acquisition of all shares in Gewerbesiedlungs-Gesellsschaft.

According to the framework agreement dated 18 August 2011 between the Company and MSREF V Turtle, the Company assumed the obligation to release the Morgan Stanley companies (MSREF V and MSREF V Turtle) from all claims under the Morgan Stanley guarantee by issuing a respective back to back guarantee of EUR 10 million.

IBB Holding and BTGI agreed to accept a top up of OPG guarantee and the release of Morgan Stanley companies from their engagement as per the option agreement. In June 2015 the Company issued the EUR 5 million top up guarantee in favor IBB Holding and BTGI and obtained a release from Morgan Stanley back to back guarantee. The aggregate guarantee of the Company to the benefit of IBB Holding and BTGI amounts to EUR 10 million.

As at the date of the publication of the consolidated financial statements, the Group has no litigation that would lead to any material contingent liability except as disclosed in note 9.

9 Litigations

Certain shareholders of the Company, notably Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II LP of Delaware, Ktown LP of Delaware (collectively "Kingstown") challenged the CPI PG capital increases of 4 December 2013 and 5 March 2014 in court proceedings in Luxembourg. These shareholders demanded, inter alia, cancellation of these capital increases and consequences against the Board of Directors. Some of these shareholders also contested the validity of the general meeting held on 6 January 2014 in Luxembourg. On 13 February 2015 the *Tribunal d'Arrondissement de et a Luxembourg* (the "Court") accepted a request to withdraw Kingstown's legal action against the Company. The legal action, filed on 19 February 2014, sought inter alia the nullity of decision of the Company's board meeting and general meeting of 6 January 2014, as well as the nomination of a provisory manager. For the avoidance of doubt the Company states that the decision of the Court did not resolve on a new legal action by Kingstown that was notified on 20 January 2015 (see below).

On 20 January 2015 the Company was served with a summons by Kingstown, claiming on former shareholders of the Company. The action was filed with the Court and seeks condemnation of the Company, CPI PG and certain members of the Company´s board of directors as jointly and severally liable to pay damages in the amount of EUR 14,485,111.13 and compensation for moral damage in the amount of EUR 5,000,000. According to Kingstown´s allegation the damage claimed arose inter alia from the alleged violation of the Company´s minority shareholders rights. The management of the Company has been taking all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders. Accordingly, the parties sued by Kingstown raised the *exceptio judicatum solvi plea*, which consists in requiring the entity who initiated the proceedings and who does not reside in the EU or in a State which is not a Member State of the Council of Europe to pay a legal deposit to cover the legal costs and compensation procedure. The Luxembourg District Court rendered a judgement on 19 February 2016, whereby each claimant has to pay a legal deposit in the total amount of 90.000 EUR to the "*Caisse de Consignation"* in Luxembourg. Kingstown paid the deposit in January 2017.

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

10 Capital and other commitments

Capital and other commitments

The Group has capital commitments of EUR 2.1 million in respect of capital expenditures contracted for at the date of the statement of financial statements (EUR 1.7 million in H1 2016). There are no other commitments except as disclosed above.

11 Related party transactions

Transactions with key management personnel

a) Remuneration of key management personnel

The members of the Board of Directors of the Company and of the management of the Company are considered the key management personnel of the Group.

Total compensation given as short term employee benefits to the top managers for the first half of 2017 was EUR 0.1 million (EUR 0.1 million for the first half of 2016).

The Board and Committees attendance compensation for the first half of 2017 was EUR 18,000 (EUR 18,000 for the first half of 2016). The annual general meeting held on 28 May 2014 resolved to approve, with the effect as of 1 January 2014, the payment of attendance fees to all independent, non-executive Directors of the Company in the amount of EUR 3,000 per calendar month as a base fee and empowered the Board of Directors to decide at its sole discretion about the payment of additional fees up to EUR 3,000 per calendar month to independent, non-executive Directors of the Company.

b) Termination and change of control clauses

As at 30 June 2017, there are no potential termination indemnity payments in place payable to the members of the Company's management in the event of termination of their contracts in excess of the compensation as required by the respective labor codes.

c) Loans and advances to key management personnel

On 16 February 2007, the Company granted a loan of EUR 61,732 to Steven Davis, a former executive of the Company with maturity date on 1 March 2008. In 2009, the loan was fully impaired as a result of a dispute on the termination of the employment contract of Steven Davis. As of the date hereof, litigation is pending in front of Luxembourg court. Bubny Development sued Mr. Davis for damages in the amount of CZK 30,981,461. These litigations are pending as at 30 June 2017.

d) Other transactions with key management personnel

To ensure the liquidity for satisfaction of its future liabilities, the Company and Mr. Radovan Vítek entered on into a put option agreement 24 September 2014 concerning the disposal of the shares held by the Company in CPI PG. Pursuant to the terms of the put option agreement the Company has right to request Mr. Vítek, major shareholder of CPI PG, to purchase the CPI PG shares, or their portion, upon a written request of the Company. The Company exercised the put option and on 29 August 2016 Mr. Vítek purchased 65,957,446 ordinary shares issued by CPI PROPERTY GROUP for an aggregate consideration of EUR 34.59 million.

In 2014, the Company transferred 1 share to Jiří Dedera and Tomáš Salajka each for free and while they hold the Board function. Further to the resignation of Mr. Salajka on 10 November 2014, 1 share was automatically transferred back to the Company. In 2016 the Company transferred 1 share to Mr. Erik Morgenstern, who has been co-opted to the Board of Directors following the resignation of Mr. Pavel Španko.

Transactions with CPI PG Group

Loans provided non-current

	30 June 2017	31 December 2016
Andrássy Real Kft.	944	--
Arkáda Prostějov, s.r.o.	713	--
Balvinder, a.s.	1,619	--
Baudry Beta, a.s.	1,639	--
Baudry, a.s.	1,390	--
BAYTON Alfa, a.s.	264	--
Best Properties South, a.s.	9,632	--
Brandýs Logistic, a.s.	4,516	3,519
Brno Property Development, a.s.	1,335	--
Březiněves, a.s.	6,932	874
Budaörs Office Park Kft.	5,903	7,160
CAMPONA Shopping Center Kft.	18,404	--
Carpenter Invest, a.s.	1,710	1,658
CB Property Development, a.s.	12,282	--
Centrum Olympia Plzeň s.r.o.	689	--
Conradian, a.s.	3,876	3,758
CPI - Orlová, a.s.	1,113	1,024
CPI - Real Estate, a.s.	1,070	--
CPI - Štupartská, a.s.	2,006	2,127
CPI Alfa, a.s.	1,711	--
CPI Blatiny, s.r.o.	21	--
CPI Delta, a.s.	2,267	2,103
CPI East, s.r.o.	40,581	--
CPI Epsilon, a.s.	1,222	--
CPI Hotels Properties, a.s.	1,046	871
CPI Jihlava Shopping, a.s.	10,413	--
CPI Meteor Centre, s.r.o.	3,777	--
CPI Park Mlýnec, a.s.	8	2
CPI Park Žďárek, a.s.	2,346	2,159
CPI Reality, a.s.	4,202	17,830
CPI Retail Portfolio Holding Kft.	8,824	--
CPI Retail Portfolio I, a.s.	1,286	961
CPI Retail Portfolio II, a.s.	--	760
CPI Retail Portfolio III, s.r.o.	491	476
CPI Retail Portfolio V, s.r.o.	241	715
CPI Retail Portfolio VIII s.r.o.	1,130	296
CPI Retails ONE, a.s.	1,521	3,912
CPI Retails ROSA s.r.o.	1,781	--
CPI Retails THREE, a.s.	30	--
CPI Retails TWO, a.s.	863	--
CPI Shopping MB, a.s.	11,453	--
CPI Shopping Teplice, a.s.	12,974	--
Czech Property Investments, a.s.	18,302	28,482
Čáslav Investments, a.s.	687	--
Český Těšín Property Development, a.s.	8	--
Družstvo Land	--	1,615
EMH North, s.r.o.	18,055	--
EMH South, s.r.o.	4,074	--
EMH West, s.r.o.	9,255	--
Farhan, a.s.	21,165	--
FELICIA SHOPPING CENTER SRL	14	--
FL Property Development, a.s.	180	166
HD Investment s.r.o.	5	--
Hraničář, a.s.	12,932	--
IGY2 CB, a.s.	4,491	--
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	663	--
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	2,628	--
Jeseník Investments, a.s.	998	--
Kerina, a.s.	1,965	--
Komárno Property Development, a.s.	2,753	1,847
LD Praha, a.s.	5,663	--
Levice Property Development, a.s.	3,708	1,802
Liptovský Mikuláš Property Development, a.s.	1,936	1,998
Lockhart, a.s.	8,267	--

	30 June 2017	31 December 2016
Malerba, a.s.	176	--
Marissa Gama, a.s.	9,179	--
Marissa Kappa, a.s.	10,603	10,064
Marissa Tau, a.s.	5,217	--
Marissa West, a.s.	24,829	22,686
Marissa Yellow, a.s.	10,283	--
Marissa Ypsilon, a.s.	13,443	--
Marissa, a.s.	1,205	--
Michalovce Property Development, a.s.	4,385	1,585
MUXUM, a.s.	2,859	--
Na Poříčí, a.s.	4,232	4,519
Nisa OC s.r.o.	14,777	--
Nový Projekt CPI, s.r.o.	2,002	--
OC Spektrum, s.r.o.	5,182	--
Office Center Poštová, s.r.o.	1,926	--
Olomouc City Center, a.s.	11,711	--
Olomouc Office, a.s.	1,697	--
Pelhřimov Property Development, a.s.	1,004	--
PFCE Prague investments s.r.o.	522	--
Pólus Shopping Center Zrt.	22,276	--
Považská Bystrica Property Development, a.s.	2,560	2,307
Prievidza Property Development, a.s.	2,831	1,881
Projekt Nisa, s.r.o.	10,309	--
Projekt Zlatý Anděl, s.r.o.	30,765	--
REZIDENCE MASARYKOVA 36, s.r.o.	36	--
Spišská Nová Ves Property Development, a.s.	3,216	1,937
ST Project Limited	5,469	--
Statenice Property Development, a.s.	1,783	1,643
Svitavy Property Alfa, a.s.	4,542	--
Telč Property Development, a.s.	440	582
Trutnov Property Development, a.s.	1,299	--
U svatého Michala, a.s.	3,197	2,964
Vigano, a.s.	7,000	6,775
VM Property Development, a.s.	--	200
Vyškov Property Development, a.s.	2,206	--
ZLATICO LIMITED	6,040	--
Ždírec Property Development, a.s.	541	--
Total Loans provided non-current - related parties	**531,715**	**143,258**
Uniborc S.A.	9,554	3,255
Total Loans provided non-current - joint ventures	**9,554**	**3,255**
Total Loans provided non-current - related parties and joint ventures	**541,269**	**146,513**

Loans provided current

	30 June 2017	31 December 2016
Andrássy Real Kft.	27	--
Arkáda Prostějov, s.r.o.	24	--
Balvinder, a.s.	57	--
Baudry Beta, a.s.	56	--
Baudry, a.s.	1	--
BAYTON Alfa, a.s.	6	--
Best Properties South, a.s.	573	--
Brandýs Logistic, a.s.	228	15
Brno Property Development, a.s.	26	--
Březiněves, a.s.	142	2
Budaörs Office Park Kft.	222	20
CAMPONA Shopping Center Kft.	521	--
Carpenter Invest, a.s.	92	6
CB Property Development, a.s.	370	--
Centrum Olympia Plzeň s.r.o.	23	--
Conradian, a.s.	209	14
CPI - Orlová, a.s.	36	3
CPI - Real Estate, a.s.	45	--
CPI - Štupartská, a.s.	71	6
CPI Alfa, a.s.	55	--
CPI Delta, a.s.	115	8

	30 June 2017	31 December 2016
CPI East, s.r.o.	1,391	--
CPI Epsilon, a.s.	32	--
CPI Hotels Properties, a.s.	32	2
CPI Jihlava Shopping, a.s.	441	--
CPI Meteor Centre, s.r.o.	178	--
CPI Park Žďárek, a.s.	75	6
CPI Reality, a.s.	597	64
CPI Retail Portfolio Holding Kft.	245	--
CPI Retail Portfolio I, a.s.	65	5
CPI Retail Portfolio II, a.s.	15	4
CPI Retail Portfolio III, s.r.o.	27	3
CPI Retail Portfolio V, s.r.o.	21	3
CPI Retail Portfolio VIII s.r.o.	43	1
CPI Retails ONE, a.s.	96	14
CPI Retails ROSA s.r.o.	165	--
CPI Retails TWO, a.s.	28	--
CPI Shopping MB, a.s.	404	--
CPI Shopping Teplice, a.s.	458	--
Czech Property Investments, a.s.	1,027	52
Čáslav Investments, a.s.	23	--
Český Těšín Property Development, a.s.	4	--
Družstvo Land	--	6
EMH North, s.r.o.	637	--
EMH South, s.r.o.	172	--
EMH West, s.r.o.	384	--
Farhan, a.s.	717	--
FL Property Development, a.s.	6	--
Hraničář, a.s.	274	--
IGY2 CB, a.s.	173	--
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	19	--
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	74	--
Jeseník Investments, a.s.	2	--
Karviná Property Development, a.s.	14	--
Kerina, a.s.	83	--
Komárno Property Development, a.s.	134	5
LD Praha, a.s.	221	--
Levice Property Development, a.s.	159	5
Liptovský Mikuláš Property Development, a.s.	102	5
Lockhart, a.s.	287	--
Malerba, a.s.	3	--
Marissa Gama, a.s.	344	--
Marissa Kappa, a.s.	346	27
Marissa Tau, a.s.	196	--
Marissa West, a.s.	1,240	57
Marissa Yellow, a.s.	226	--
Marissa Ypsilon, a.s.	474	--
Marissa, a.s.	21	--
Michalovce Property Development, a.s.	182	4
MUXUM, a.s.	94	--
Na Poříčí, a.s.	127	282
Nisa OC s.r.o.	502	--
Nový Projekt CPI, s.r.o.	5	--
OC Spektrum, s.r.o.	13	--
Office Center Poštová, s.r.o.	38	--
Olomouc City Center, a.s.	238	--
Olomouc Office, a.s.	72	--
Pelhřimov Property Development, a.s.	33	--
PFCE Prague investments s.r.o.	17	--
Pólus Shopping Center Zrt.	631	--
Považská Bystrica Property Development, a.s.	134	6
Prievidza Property Development, a.s.	132	5
Projekt Nisa, s.r.o.	348	--
Projekt Zlatý Anděl, s.r.o.	1,041	--
Spišská Nová Ves Property Development, a.s.	147	5
ST Project Limited	54	--
Statenice Property Development, a.s.	57	4
Svitavy Property Alfa, a.s.	155	--
Telč Property Development, a.s.	16	2

	30 June 2017	31 December 2016
Trutnov Property Development, a.s.	3	--
U svatého Michala, a.s.	103	8
Vigano, a.s.	377	24
VM Property Development, a.s.	--	1
Vyškov Property Development, a.s.	5	--
ZLATICO LIMITED	171	--
Ždírec Property Development, a.s.	14	--
Total Loans provided current - related parties	**19,285**	**670**
Uniborc S.A.	120	319
Total Loans provided current - joint ventures	**120**	**319**
Total Loans provided current - related parties and joint ventures	**19,406**	**989**

Financial debts non-current

	30 June 2017	31 December 2016
Czech Property Investments, a.s.	504,359	123,938
CPI Finance Netherlands B.V.	--	8
OFFICE CENTER HRADČANSKÁ, a.s.	--	92
ST Project Limited	--	1,418
Total Financial debts non-current - related parties	**504,359**	**125,456**

Financial debts current

	30 June 2017	31 December 2016
Balvinder, a.s.	135	--
Beroun Property Development, a.s.	242	--
CPI - Bor, a.s.	1,887	--
CPI - Zbraslav, a.s.	2,521	--
CPI Finance Netherlands B.V.	--	651
CPI Finance Netherlands III B.V.	--	3
CPI Národní, s.r.o.	9,916	--
CPI Retail MB s.r.o.	2,849	--
CPI Retail Portfolio II, a.s.	201	--
CPI Retail Portfolio IV, s.r.o.	483	--
CPI Retail Portfolio VI, s.r.o.	299	--
CPI Retail Portfolio VII, s.r.o.	428	--
Czech Property Investments, a.s.	--	359
Český Těšín Property Development, a.s.	6	1,483
Družstvo Land	81	1,780
Hraničář, a.s.	678	--
Marissa Théta, a.s.	--	7
MB Property Development, a.s.	559	--
MUXUM, a.s.	3,442	--
Nymburk Property Development, a.s.	6,553	6,073
OC Nová Zdaboř a.s.	1,987	--
OFFICE CENTER HRADČANSKÁ, a.s.	97	1
Příbor Property Development, s. r.o.	484	427
Třinec Property Development, a.s.	2,068	5,390
Total Financial debts current - related parties	**34,917**	**16,175**

Interest income

	30 June 2017	30 June 2016
Andrássy Real Kft.	27	--
Arkáda Prostějov, s.r.o.	24	--
Balvinder, a.s.	56	--
Baudry Beta, a.s.	55	--
Baudry, a.s.	1	--
BAYTON Alfa, a.s.	6	--
BAYTON Gama, a.s.	24	--
Best Properties South, a.s.	564	--
Brandýs Logistic, a.s.	210	--
Brno Property Development, a.s.	26	--

	30 June 2017	30 June 2016
Březiněves, a.s.	138	--
Budaörs Office Park Kft.	202	--
CAMPONA Shopping Center Kft.	521	--
Carpenter Invest, a.s.	85	--
CB Property Development, a.s.	367	--
Centrum Olympia Plzeň s.r.o.	23	--
Conradian, a.s.	192	--
CPI - Orlová, a.s.	32	--
CPI - Real Estate, a.s.	45	--
CPI - Štupartská, a.s.	64	--
CPI Alfa, a.s.	55	--
CPI Delta, a.s.	105	--
CPI East, s.r.o.	1,374	--
CPI Epsilon, a.s.	32	--
CPI Hotels Properties, a.s.	29	--
CPI Jihlava Shopping, a.s.	437	--
CPI Meteor Centre, s.r.o.	176	--
CPI Park Žďárek, a.s.	68	--
CPI Reality, a.s.	517	--
CPI Retail Portfolio Holding Kft.	245	--
CPI Retail Portfolio I, a.s.	59	--
CPI Retail Portfolio II, a.s.	14	--
CPI Retail Portfolio III, s.r.o.	24	--
CPI Retail Portfolio V, s.r.o.	18	--
CPI Retail Portfolio VIII s.r.o.	41	--
CPI Retails ONE, a.s.	80	--
CPI Retails ROSA s.r.o.	165	--
CPI Retails TWO, a.s.	28	--
CPI Shopping MB, a.s.	401	--
CPI Shopping Teplice, a.s.	454	--
Czech Property Investments, a.s.	961	--
Čáslav Investments, a.s.	23	--
Český Těšín Property Development, a.s.	4	--
Družstvo Land	57	--
EMH North, s.r.o.	631	--
EMH South, s.r.o.	171	--
EMH West, s.r.o.	381	--
Farhan, a.s.	712	--
FL Property Development, a.s.	5	--
Hraničář, a.s.	271	--
IGY2 CB, a.s.	171	--
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	19	--
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	74	--
Jeseník Investments, a.s.	2	--
Kerina, a.s.	82	--
Komárno Property Development, a.s.	129	--
LD Praha, a.s.	219	--
Levice Property Development, a.s.	155	--
Liptovský Mikuláš Property Development, a.s.	97	--
Lockhart, a.s.	285	--
Malerba, a.s.	3	--
Marissa Gama, a.s.	341	--
Marissa Kappa, a.s.	314	--
Marissa Tau, a.s.	196	--
Marissa West, a.s.	1,163	--
Marissa Yellow, a.s.	226	--
Marissa Ypsilon, a.s.	470	--
Marissa, a.s.	21	--
Michalovce Property Development, a.s.	179	--
MUXUM, a.s.	93	--
Na Poříčí, a.s.	125	--
Nisa OC s.r.o.	502	--
Nový Projekt CPI, s.r.o.	5	--
OC Spektrum, s.r.o.	13	--
Office Center Poštová, s.r.o.	38	--
Olomouc City Center, a.s.	236	--
Olomouc Office, a.s.	71	--
Pelhřimov Property Development, a.s.	32	--

	30 June 2017	30 June 2016
PFCE Prague investments s.r.o.	17	--
Pólus Shopping Center Zrt.	631	--
Považská Bystrica Property Development, a.s.	129	--
Prievidza Property Development, a.s.	127	--
Projekt Nisa, s.r.o.	348	--
Projekt Zlatý Anděl, s.r.o.	1,041	--
Spišská Nová Ves Property Development, a.s.	142	--
ST Project Limited	54	--
Statenice Property Development, a.s.	52	--
Svitavy Property Alfa, a.s.	154	--
Svitavy Property Development, a.s.	22	--
Telč Property Development, a.s.	14	--
Trutnov Property Development, a.s.	3	--
U svatého Michala, a.s.	94	--
Vigano, a.s.	346	--
VM Property Development, a.s.	3	--
Vyškov Property Development, a.s.	5	--
ZLATICO LIMITED	171	--
Ždírec Property Development, a.s.	14	--
Total Interest income - related parties	**18,831**	**--**
Uniborc S.A.	188	--
Total Interest income - joint ventures	**188**	**--**
Total Interest income - related parties and joint ventures	**19,019**	**--**

Interest expense

	30 June 2017	30 June 2016
Balvinder, a.s.	1	--
Beroun Property Development, a.s.	2	--
CPI - Bor, a.s.	18	--
CPI - Zbraslav, a.s.	23	--
CPI Národní, s.r.o.	114	--
CPI PROPERTY GROUP S.A.	--	535
CPI Retail MB s.r.o.	26	--
CPI Retail Portfolio II, a.s.	2	--
CPI Retail Portfolio IV, s.r.o.	5	--
CPI Retail Portfolio VI, s.r.o.	3	--
CPI Retail Portfolio VII, s.r.o.	4	--
Czech Property Investments, a.s.	9,584	--
Český Těšín Property Development, a.s.	5	--
Družstvo Land	22	--
Hraničář, a.s.	6	--
Marissa Théta, a.s.	22	--
MB Property Development, a.s.	4	--
MUXUM, a.s.	32	--
Nymburk Property Development, a.s.	95	--
OC Nová Zdaboř a.s.	18	--
OFFICE CENTER HRADČANSKÁ, a.s.	2	--
Příbor Property Development, s. r.o.	7	--
Třinec Property Development, a.s.	42	--
Total Interest expense – related parties	**10,035**	**535**

Management Fees

CPI PG Group have provided property management services and other outsourcing services in the field of general administration, tax, accounting, reporting, human resources and IT to certain assets of the Company in the Czech Republic. The value of such services amounted to EUR 0.2 million for the first half of 2017.

Loan by CPI PG Group

The Company as borrower and Czech Property Investment, a.s. as lender entered into the credit facility agreement and drew loan in 2016. As at 30 June 2017 the outstanding balance amounts to EUR 494.4 million with calculated the accrued interest in the amount of EUR 9.9 million. This loan bear interest rate 5.26% p.a. and is repayable in 2030.

Loan to CPI PG Group

The Company as lender and CPI PG Group as borrower entered into the credit facility agreements in 2016 (see note 6.3).

12 Events after the reporting period

No significant events occurred between the end of the reporting period and the date of the publication of these condensed consolidated interim financial statements.

APPENDIX I – LIST OF GROUP ENTITES

Entities fully consolidated

Company	Country	30 June 2017	31 December 2016
Brillant 1419 GmbH & Co. Verwaltungs KG	Germany	100.00%	100.00%
Bubenská 1, a.s.	Czech Republic	100.00%	100.00%
Bubny Development, s.r.o.	Czech Republic	100.00%	100.00%
BYTY PODKOVA, a.s.	Czech Republic	100.00%	100.00%
Camuzzi, a.s.	Czech Republic	100.00%	100.00%
Capellen Invest S.A.	Luxembourg	--	100.00%
CD Property s.r.o.	Czech Republic	100.00%	100.00%
CEREM S.A.	Luxembourg	100.00%	100.00%
CPI - Krásné Březno, a.s.	Czech Republic	100.00%	100.00%
CPI - Land Development, a.s.	Czech Republic	100.00%	100.00%
CPI South, s.r.o.	Czech Republic	90.00%	90.00%
Darilia, a.s.	Czech Republic	100.00%	100.00%
Development Doupovská, s.r.o.	Czech Republic	75.00%	75.00%
Development Pražská, s.r.o.	Czech Republic	100.00%	100.00%
Diana Property Sp. z o.o.	Poland	100.00%	100.00%
Endurance Real Estate Management Company Sàrl	Luxembourg	100.00%	100.00%
Estate Grand, s.r.o.	Czech Republic	100.00%	100.00%
Grunt HZ s.r.o. (1)	Czech Republic	--	100.00%
HAGIBOR OFFICE BUILDING, a.s.	Czech Republic	100.00%	100.00%
Industrial Park Stříbro, s.r.o.	Czech Republic	100.00%	100.00%
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	100.00%	100.00%
Karviná Property Development, a.s.	Czech Republic	100.00%	100.00%
Marki Real Estate Sp. z o.o.	Poland	100.00%	100.00%
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	100.00%	100.00%
Nupaky a.s.	Czech Republic	100.00%	100.00%
Orco Project Limited	Guernsey	100.00%	100.00%
Rezidence Pragovka, s.r.o. (1)	Czech Republic	100.00%	100.00%
Strakonice Property Development, a.s.	Czech Republic	100.00%	100.00%
STRM Alfa, a.s.	Czech Republic	100.00%	100.00%
STRM Beta, a.s.	Czech Republic	100.00%	100.00%
STRM Delta, a.s.	Czech Republic	100.00%	100.00%
STRM Gama, a.s.	Czech Republic	100.00%	100.00%
Svitavy Property Development, a.s.	Czech Republic	100.00%	100.00%
Vinohrady s.a.r.l.	France	100.00%	100.00%

1) Grunt HZ s.r.o. has merged with Rezidence Pragovka, s.r.o. (the "successor company") with the effective date of 31 May 2017. All assets and liabilities of Grunt HZ s.r.o. passed to the successor company.

Equity method investments

Company	Country	30 June 2017	31 December 2016
Brillant 1419. Verwaltungs GmbH	Germany	49.00%	49.00%
Uniborc S.A.	Luxembourg	35.00%	20.00%