FINANCIAL INFORMATION

2018

Including the

Consolidated financial statements

and

Report of the Réviseur d´Entreprises

for the financial year ended as at 31 December 2018

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

R. C. S. Luxembourg – B 44.996

SUMMARY

Management Report as at 31 December 2018

ORCO PROPERTY GROUP, *société anonyme* (the "Company") and its subsidiaries (together the "Group" or "OPG") is principally involved in the development of properties for its own portfolio or intended to be sold in the ordinary course of business as well as providing equity loans and management services to other entities within the CPI PG group. 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 the Luxembourg Stock Exchange and Warsaw Stock Exchange.

MESSAGE FROM THE MANAGEMENT

Throughout 2018, the Company continued to improve its operational organisation and streamlining its long-term future approach.

Total assets increased by EUR 1,212.6 million (61.2%) to EUR 3,192.9 million as at 31 December 2018. The EPRA Net Asset Value per share as of 31 December 2018 was EUR 0.56 compared to EUR 0.46 as of 31 December 2017. In 2018, the Triple NAV amounted to EUR 0.53 per share compared to EUR 0.43 at the end of 2017.

The Company achieved an operating profit of EUR 8.1 million compared to EUR 108.6 million in 31 December 2017. As of 31 December 2018, the total net profit was EUR 122.0 million compared to EUR 137.3 million at the end of 2017.

Resulting from the Company's integration into CPI PROPERTY GROUP in 2016, one of its roles is to function as an intergroup financing vehicle to the entities within CPI PROPERTY GROUP. As of 31 December 2018, the outstanding balance of the provided loans amounted to approximately EUR 2,368.3 million. The Company also started providing strategic management and advisory services to entities within the CPI PROPERTY GROUP.

In June, the Group acquired the multinational WPP group into its tenant portfolio, more specifically to its unique functionalist Bubenská 1 building in Prague. The WPP group includes 12 media companies and creative agencies such as Ogilvy, Young & Rubicam among others, all to be relocated under one roof at Bubenská. The heritage protected building, will undergo extensive reconstruction, delivering tenants a top-quality working environment while maintaining the building's unique architecture, with total investment exceeding EUR 39 million. The 18 year long-term lease agreement will begin in 2020.The Group disposed of its 80% stake in Bubny Development, s.r.o., a vehicle holding Bubny land in Prague, to GSG Europa. The Company will continue to consolidate and manage Bubny Development, s.r.o. Both the Company and GSG Europa belong under the consolidation of CPI PROPERTY GROUP.

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 2017. The meeting also reappointed 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 2019. Mr Jiri Dedera was also elected Managing Director of the Company.

I am of the view that in 2018, the Company achieved significant progress to become more an efficient and profitable operation which will remain to be the Company's primary intention in 2019.

Jiri Dedera,
CEO & Managing Director

YEAR 2018 AND POST-CLOSING KEY EVENTS

Annual General Meeting of Shareholders

The annual general meeting of the shareholders of the Company was held on 31 May 2018 in Luxembourg (the “Annual Meeting"), with approximately 97.45% of the voting rights present or represented.

The Annual Meeting approved the statutory annual accounts and consolidated financial statements for the financial year ended 31 December 2017, as well as the allocation of financial results for the financial year ended 31 December 2017. 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 ended 31 December 2017.

The Annual Meeting also resolved to re-appoint the following persons as members of the Company's Board of Directors until the annual general meeting of 2019: 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 2019.

Disposal of non-controlling interest

On 26 June 2018, the Company completed the transfer of 80% stake in Bubny Development, s.r.o., a vehicle holding the Bubny land plots in Prague, to GSG Europa Beteiligungs GmbH (“GSG Europa”).

The Company will continue to consolidate and manage Bubny Development, s.r.o. pursuant to shareholders agreement, entered into between the Company and GSG Europa. The shareholders agreement details the governance, control and cooperation between the shareholders, among other things.

Both the Company and GSG Europa belong under the consolidation of CPI PG. The disposal price in this intragroup transaction price was based on the IFRS NAV value.

Intergroup financing

Resulting from the Company’s integration into CPI PG group in 2016, one of its roles is to function as an intergroup financing vehicle to the entities within CPI PG group. In 2018, the Group continued to provide the equity loans to other entities within the CPI PG group. As at 31 December 2018, the outstanding balance of the provided loans amounted to EUR 2,368.3 million.

Reconstruction of office building Bubenská 1

The extensive reconstruction of Bubenská 1 building continues. The total investment exceeds CZK 1 billion (app. EUR 38.9 million).

The first and largest tenant of the administrative part of the building became the WPP group. The WPP group includes twelve world-renowned creative, media, digital, content and research agencies such as Ogilvy, GroupM, Kantar, Wunderman, Young & Rubicam and many others. Individual WPP companies, formerly operating in various Prague buildings, will find their new home under one common roof.

The office building Bubenská 1 has 25,500 m2 of lettable area. Twelve WPP agencies occupy a total of nearly two thirds of the area (16,316 m2). The long-term lease agreement is concluded from 2020 to 18 years.

MARKET ENVIRONMENT

Global macro-economic conditions

Czech Republic[1]

Strong fundamentals, such as lowest unemployment rate among EU states, positively affected economy in the Czech Republic in 2018. Increasing wages stimulated household spending. Overall GDP continued to grow, but at lower pace than in 2017, despite of the slightly speed up q-o-q comparison in the second half of the year the q-o-q. - the development in individual quarters compared to the previous quarter 0.6 p.p.; 0.5 p.p.; 0.7 p.p.; 0.9 p.p. Czechia has maintained low levels of government debt relative to GDP, in Q3 2018 4th lowest in EU. The Czech National Bank (CNB) remains focused on fiscal stability. The CNB forecasts GDP around 3% over the next three years – which is above the average of EU - and modestly higher interest rates. The CNB also calls for a modest strengthening in the Czech Koruna (CZK) over the next year, although the currency has weakened slightly during 2018.

Poland[2]

Gross domestic product in 2018 increased in real terms to a greater extent than a year before (5.1% against 4.8% in 2017). Domestic demand remained the main driver of economic growth. The impact of consumption and investment demand was positive, while of net exports neutral. Final consumption expenditure was by 4.3% higher than a year before (against a growth of 4.5% in 2017), of which consumption expenditure of households sector grew by 4.5%. Gross capital formation increased by 9.2%, i.e. to a greater extent than a year before (6.2%). The growth rate of gross fixed capital formation accelerated to 7.3% (from 3.9% in 2017). Domestic demand grew by 5.3% (against an increase of 4.9% a year before). Gross value added in the national economy increased to a greater extent than a year before (5.0% against 4.7%).

In Q4 2018, the annual inflation rate was decreased to 0.9% from 1.7% in Q4 2017 and 1.9% in Q3 2018.

The unemployment rate dropped to 3.7% Q2 2018 from its value of 4.4% in Q4 2017. In Q3 and Q4 2018, the unemployment rate stagnated at 3.7%.

Impact of BREXIT

The UK economy continues to be impacted by uncertainty surrounding Brexit. The expected withdrawal of the UK from the EU would, in the worst case, have a negligible impact on the Group's financial or operating results, given that 0% of the Group's property portfolio is located in the UK and cross-border trade is not a significant factor for the Group's business.

Selected market focus

Development in Prague and Brno

Development properties primarily consist of land bank acquired and held by the Group for future development and assets under development. Once work on a development project is commenced, the area is presented either as a future sale (potential gross saleable area) or as a future rental (potential gross leasable area).

[1] Czech Office of Statistics, OECD, Eurostat

[2] Central Statistical Office of Poland, Eurostat, OECD

In 2018, the Group has continued with the development of office buildings Mayhouse and Bubenská in Prague and Nová Zbrojovka in Brno. The remainder of our development properties are land bank, the largest segment of which is in Prague.

Warsaw office market [3]

Polish office market is continuously growing since the end of financial crisis in 2009. It is driven by companies from the business service sector. According to ABSL the employment in the service sector will grow by approx. 20% to over 310 000 employees within the next 12 months supporting stable demand for office space. Poland is popular for this sector due to fundamentals such as low labour cost, wide talent pool, number of students/graduates and availability of office space. The office market also benefits from GDP growth (estimated y-o-y 5.3% in 2018) and business environment directly translated into office space needs across the country.

2018 has been particularly successful for Warsaw, where demand level reached all-time high result of nearly 860,000 sqm, vacancy rate is at its lowest since 2012 and forecasted to decline further. Rents are rising. Regional markets also fared well, with a number of newcomers deciding to start their operations in Poland and global giants already present here deciding to expand to new markets (like Fujitsu's decision to open their second center in Katowice). The vacancy rate dropped in all the major agglomerations as compared with Q4 2017 and new supply has been absorbed.

[3] JLL, Eurostat, CBRE

OPERATIONS OF THE GROUP IN 2018

The Group is engaged in financing of and rendering of services to **entitites within the CPI PG group** and also holds and operates significant property portfolio.

Financing of CPI PG group

The Group acts as an internal financing entity within the CPI PG group and shall finance the real estate companies (SPVs) by intra-group loans. In order to fund the intra-group loans, CPI PG raises external financing and provides these funds to OPG. Subsequently, OPG provides the funds in a form of loans to the respective SPVs.

In 2018, the Group continued to provide the equity loans to other entities within the CPI PG group.

The Group generated interest income of EUR 112 million in 2018 which represents an increase by EUR 55 million, compared to 2017.

As at 31 December 2018, the Group provided loans to related parties in the amount of EUR 2,368 million, which represents an increase by EUR 1,103 million compared to 31 December 2017. As at 31 December 2018, the loans provided in the amount of EUR 84 million and EUR 2,284 million were classified as current and non-current, respectively.

Rendering of services to CPI PG group

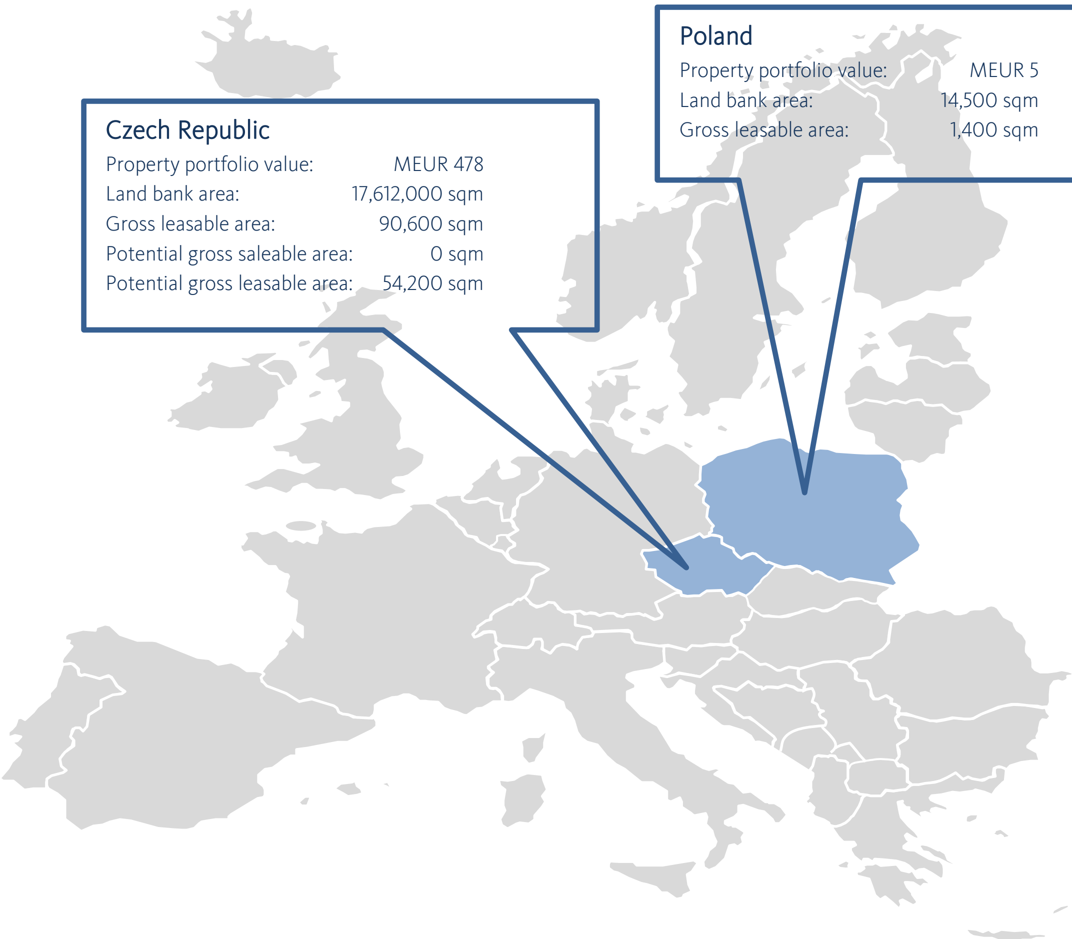
OPG, as the main service company within the CPI PG group provides its affiliates with a wide range of management and key business services. Key strategic services provided by OPG mainly include development of investment strategies and plans for SPVs, communication with banks and financial strategy planning, analyses of markets, negotiations and relationship with key tenants.

In 2018, the Group provided CPI PG and its subsidiaries with services for a total amount of EUR 24 million.

PROPERTY PORTFOLIO

Total Property Portfolio

The Group concentrates on long-term investments and real-estate lease, mainly in the Central European region. The activities of the Group are focused on an extensive portfolio of land plots throughout Czech Republic and Poland. The Group owns rental income generating properties such as offices and industry & logistics. Additionally, the Group has some development for future sale.



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

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

"Investment property" consists of rental properties, 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.

"Property, plant and equipment" consists advances paid for construction works on the projects.

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

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

The following chart reconciles the property assets of the Group as reported on the balance sheet as at 31 December 2018 with the presentation in our portfolio report:

Property Valuation

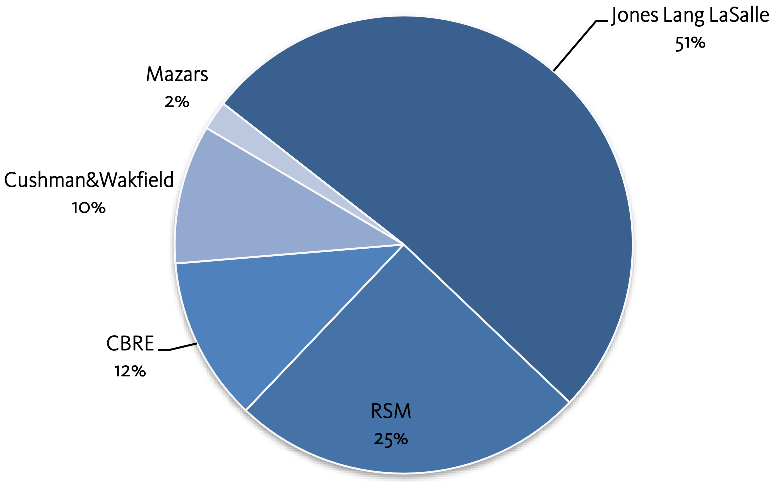
The consoliodated financial statements of the Group as of 31 December 2018 were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the Investment properties owned by the Group must be stated at fair value, the regular valuation of these properties by independent experts is recommended.

The property portfolio valuation as at 31 December 2018 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 250 offices in 60 countries, employing more than 16,000 professionals.
- Jones Lang LaSalle (further "JLL"). JLL is a financial and professional services firm specializing in real estate services and investment management. JLL has more than 82,000 employees across 300 corporate offices in more than 80 countries and serve the local, regional and global real estate needs of their clients.

- CBRE is a commercial real estate services and investment firm. It is the largest company of its kind in the world. It is based in Los Angeles, California and operates more than 450 offices worldwide and serves clients in more than 100 countries.
- Mazars. Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. Mazars operates in 300 offices across the globe located in 86 countries and draws on the expertise of over 20,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development.
- RSM CZ (further "RSM"). RSM is part of the seventh largest network of professional firms RSM International. RSM International operates in 120 countries, has over 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.

Property portfolio by valuators as of 31 December 2018



The following table shows the carrying value of the Group's property portfolio as of 31 December 2018 and 31 December 2017:

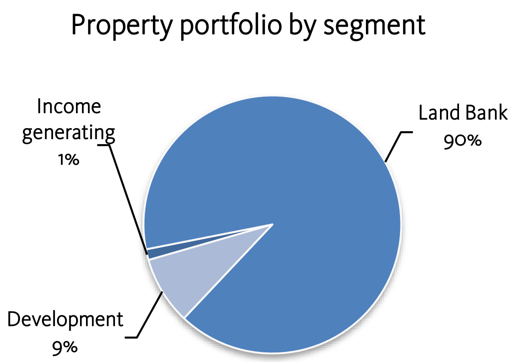
PROPERTY PORTFOLIO as at 31 December 2018	No of properties	GLA thousand sqm	Office MEUR	Industry and logistics MEUR	Development MEUR	Land bank MEUR	PP value MEUR	PP value %
Czech Republic	5	91	0	2	41	435	478	99%
Poland*	1	1	5	0	--	0	5	1%
The GROUP	6	92	5	2	41	435	483	100%

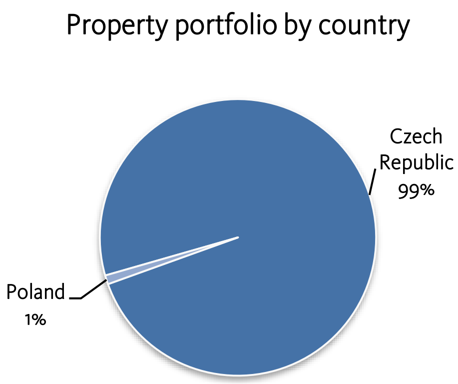
*Asset held for sale included

PROPERTY PORTFOLIO as at 31 December 2017	No of properties	GLA thousand sqm	Office MEUR	Industry and logistics MEUR	Development MEUR	Land bank MEUR	PP value MEUR	PP value %
Czech Republic	5	27	12	1	14	425	452	99%
Poland*	1	1	5	0	--	0.4	5	1%
The GROUP	6	28	17	1	14	425	457	100%

*Asset held for sale included

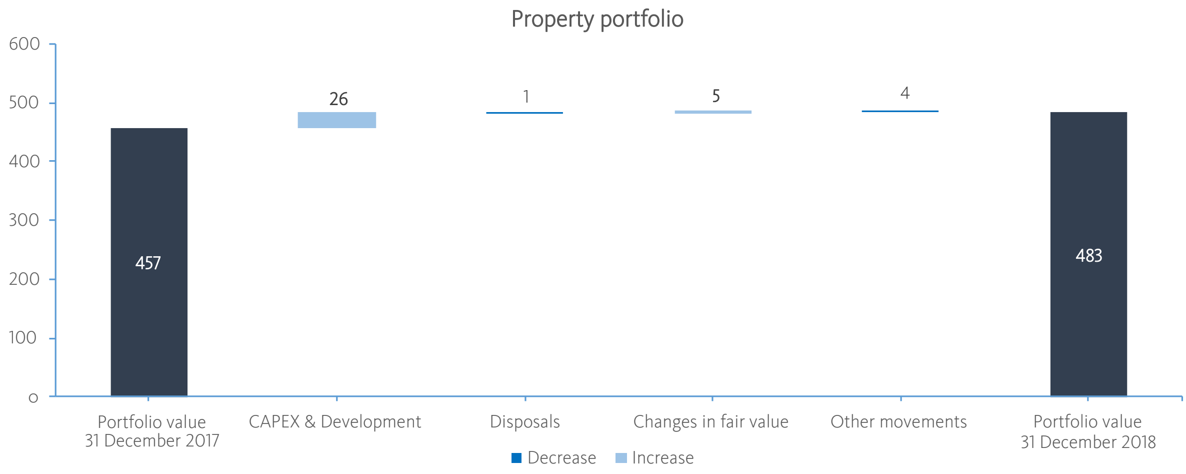
The Group property value total EUR 483 million as of 31 December 2018 (31 Dec 2017: EUR 457 million), of which 90% represent land banks. The majority of the Group property portfolio is located in Czech Republic with 99% of the total value, followed by Poland with 1%.





The total net change of EUR 26 million in the portfolio value in 2018 was mainly attributable to the following:

- disposal of the land in amount EUR 1 million (Svitavy Property Development, a.s.);
- additions of EUR 26 million mainly on Investment Property within whole Group;
- negative currency conversion of EUR 4 million mainly related to weakening of Czech koruna;
- property revaluation gain in amount EUR 5 million (mainly due to valuation gain on Estate Grand: EUR 3.5 million).


Property portfolio
600
500
400
300
200
100
0
457
26
1
5
4
483
Portfolio value 31 December 2017
CAPEX & Development
Disposals
Changes in fair value
Other movements
Portfolio value 31 December 2018
Decrease
Increase

Land Bank

Key Figures – December 2018

436 million EUR	17,626,200 sqm
Property value	Total area

Land bank is comprised of an extensive portfolio of land plots throughout Czech Republic 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 7.5% are with zoning.

LAND BANK 31 December 2018	Total area	Area with zoning	Area without zoning	PP value	PP value	Outstanding financing
	thds. sqm	thds. sqm	thds. sqm	MEUR	%	MEUR
Czech Republic	17,612	1,307	16,305	435.0	99.9%	--
Poland*	14	14	--	0.4	0.1%	--
THE GROUP	17,626	1,321	16,305	436	100%	--

*Asset held for sale included

LAND BANK 31 December 2017	Total area	Area with zoning	Area without zoning	PP value	PP value	Outstanding financing
	thds. sqm	thds. sqm	thds. sqm	MEUR	%	MEUR
Czech Republic	17,661	1,327	16,334	424.3	99.8%	--
Poland*	14	14	--	0.4	0.2%	--
THE GROUP	17,675	1,341	16,334	425	100%	--

*Asset held for sale included

Among land bank plots, the Land Bank portfolio includes:

- Former brownfield:

  (1) Praga in Prague amounting to circa 64,400 sqm, which are zoned, are prepared for residential development with expected start in 2019 – 2020;

  (2) Nová Zbrojovka in Brno with almost 230,000 sqm with zoning allowing mixed development (Commercial & Residential).

- Bubny EUR 151 million (31 December 2017: EUR 149 million) located 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 at Vltavská metro station and large green spaces will be incorporated. The main goal for the mid-term period is to continue the process of changing the Bubny masterplan. 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.
  On 26 June 2018, the Group disposed of 80% stake of Bubny Development, s.r.o. In accordance with IFRS 10, through remaining 20% stakes the Group retained control over this subsidiary which is why it´s being consolidated by the Company.

Development

Key Figures – December 2018

500	sqm	0,5 million	EUR
Potential gross saleable area		Development for sale	
54,200	sqm	41 million	EUR
Potential gross leasable area		Development for rental	

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

DEVELOPMENT 31 December 2018	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
Czech Republic	4	54	0.5	41	0.5	100%	100%	--
THE GROUP	4	54	0.5	41	0.5	100%	100%	--

DEVELOPMENT 31 December 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
Czech Republic	3	8	0.5	8	6	100%	100%	--
THE GROUP	3	8	0.5	8	6	100%	100%	--

- 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.

The Bubenská 1 building undergoes an extensive reconstruction, thanks to which the tenants will get a top-quality work environment while maintaining a unique architecture. The first and largest tenant of the administrative part of the building became the WPP group.

The building is under reconstruction and as a result most of the lease contracts were terminated at the end of 2017, only the ambulance service terminated its lease in February 2018.

- Mayhouse

The administrative project located in the sought-after area of Pankrác. The office development under construction will offer accommodation on two basements and six above ground levels. The development will offer approximately 7,200 sqm of leasable modern office space, 490 sqm of retail space on the ground floor, and 315 sqm of canteen. There are also 69 parking spaces in the underground parking garage. The construction works have started in the second half of 2017 with expected delivery in approximately spring 2019.

- 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. 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: 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 was completed in the second half of 2016 and all houses were sold by the end of first half of 2017. 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.

- Nová Zbrojovka

The subject property is a brownfield site consisting of several land plots in the city of Brno.The property is roughly trapezoidal in shape, and has several former industrial buildings located on the site. The site is planned to be developed into office, residential and industrial properties. The development of the office property is planned with GLA of 21,673 sq m, and which will provide office, retail and storage accommodation, and with a planned 456 parking units.

Office

Key Figures – December 2018

100 %	1
Occupancy	Number of properties
5 million EUR	1,400 sqm
Property value	Gross lettable area

Office portfolio represents an important segment of investment activities of the Group. As of 31 December 2018 the Group owns buildings in Poland.

OFFICE 31 December 2018	N° of properties	PP value MEUR	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Poland	1	5	100%	1	100.0%	19.2	--
The GROUP	1	4	100%	1	100.0%	19.2	--

OFFICE 31 December 2017	N° of properties	PP value MEUR	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czech Republic	1	12	71%	18	72.5%	3.1	--
Poland	1	5	29%	1	100.0%	18.9	--
The GROUP	2	17	100%	19	74.5%	4.7	--

- Diana Office, Warsaw

The property was constructed in 2004 and comprises 1,429.00 sqm of rentable area. The Property is located in Warsaw city centre, along Chmielna Street, which forms one of the best recognizable retail streets of the city. The building is of a reinforced concrete structure with hip roof. The property is fully let to one tenant - Goethe Institut.

Industry and Logistic

Key Figures – December 2018

74.6 %	Occupancy
1	Number of properties
2 million EUR	Property value
8,800 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 Czech Republic.

INDUSTRY AND LOGISTICS 31 December 2018	N° of properties	PP value MEUR	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czech Republic	1	2	100%	9	74.6%	1.9	--
The GROUP	1	2	100%	9	74.6%	1.9	--

INDUSTRY AND LOGISTICS 31 December 2017	N° of properties	PP value MEUR	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czech Republic	1	1	100%	9	89.9%	2.3	--
The GROUP	1	1	100%	9	89.9%	2.3	--

FINANCING

Cash and cash equivalents

As at 31 December 2018, cash and cash equivalents consist of cash at bank for EUR 14.7 million (2017: EUR 11.2 million) and cash in hand for EUR 8 thousand (2017: EUR 22 thousand).

Financial liabilities

Financial liabilities amount to EUR 2,179.6 million including mainly **loans** from CPI PG (EUR 1,939.8 million).

Financial liabilities increased by EUR 1,011.1 million. This variation is mainly due to additional drawdowns of long-term loans provided by CPI PG (EUR 1,459.7 million) while the loan provided by Czech Property Investments, a.s. to the Group which has been repaid in full during the year in amount of EUR 543.0 million.

RESULTS AND NET ASSETS

Income statement

Income statement for the year ended 31 December 2018 is as follows:

	12 month period ended	
	31 December 2018	31 December 2017
Gross rental income	1,683	2,156
Sale of services	25,029	4,248
Cost of service charges	(950)	(1,381)
Property operating expenses	(1,215)	(1,272)
Net service and rental income	24,547	3,751
Development sales	10	595
Development operating expenses	(7)	(505)
Net development income	3	90
Total revenues	26,722	6,999
Total direct business operating expenses	(2,172)	(3,158)
Net business income	24,550	3,841
Net valuation gain on investment property	3,225	105,449
Net gain on the disposal of investment property and subsidiaries	3,069	35
Amortization, depreciation and impairments	(9,539)	2,138
Administrative expenses	(13,925)	(2,028)
Other operating income	968	241
Other operating expenses	(269)	(1,100)
Operating result	8,079	108,576
Interest income	111,860	56,572
Interest expense	(60,750)	(28,297)
Other net financial result	10,408	3,758
Net finance income	61,518	32,033
Share of profit of equity-accounted investees (net of tax)	(698)	6,217
Profit before income tax	68,899	146,826
Income tax expense	53,120	(9,547)
Net profit from continuing operations	122,019	137,279

Rendering of services

Service income increased to EUR 24.4 million in 2018 (2017: EUR 3.2 million). The increase is due to providing of advisory services to entities within the Group and controlled by the ultimate shareholder of the Group.

Net valuation gain

The net valuation gain amounts to EUR 3.2 million (EUR 105.4 million in 2017) comprised of valuation gain of EUR 7.9 million, valuation loss of EUR 5.5 million and net foreign exchange gain of EUR 0.8 million. The most significant is valuation gain of the properties of Estate Grand (EUR 3.5 million). Its gain was driven primarily by the general market conditions as well as by improved assumptions retained by the external valuation expert, for more details please refer to note 7.5.3 in the Consolidated Financial Statements as of 31 December 2018.

Administrative expenses

Administrative expenses increased to EUR 13.9 million in 2018 compared to EUR 2.0 million in 2017. During 2018 there was a significant increase of management services provided to OPG by related parties.

Net finance income

Total net finance income has risen from EUR 32.0 million in 2017 to EUR 61.5 million in 2018. The interest income increased from EUR 56.6 million in 2017 to EUR 111.9 million in 2018. The increase in interest income reflects the increase in loans provided by the Company to entities within the CPI PG group and other related parties .

The other net financial result has improved from a gain of EUR 3.8 million in 2017 to a gain of EUR 10.4 million in 2018. The main cause of this improvement is the positive result from early repayment of bonds (EUR 5.6 million) which the Company acquired in August 2018. Net foreign exchange gain (EUR 4.8 million) was driven by movement of EUR against CZK.

Balance sheet

Balance sheet as at 31 December 2018 corresponds to consolidated financial statements.

	31 December 2018	31 December 2017
NON-CURRENT ASSETS		
Intangible assets	27	--
Investment property	474,778	450,373
Property, plant and equipment	398	35
Equity accounted investees	3,890	4,571
Other investments	125,406	104,613
Loans provided	2,283,819	1,196,932
Trade and other receivables	7,988	12
Deferred tax asset	180,021	123,565
Total non-current assets	3,076,327	1,880,101
CURRENT ASSETS		
Inventories	7,967	6,348
Current income tax receivables	275	279
Trade receivables	5,400	4,540
Loans provided	84,474	68,490
Cash and cash equivalents	14,705	11,230
Other financial assets	1,956	8,069
Other non-financial assets	1,378	849
Assets held for sale	384	397
Total current assets	116,541	100,202
TOTAL ASSETS	3,192,868	1,980,303
EQUITY		
Equity attributable to owners of the Company	702,413	565,688
Non-controlling interests	166,453	62,683
Total equity	868,866	628,371
NON-CURRENT LIABILITIES		
Financial debts	2,091,697	1,113,884
Deferred tax liability	34,160	33,048
Provisions	1,574	1,559
Other financial liabilities	2,356	1,991
Total non-current liabilities	2,129,787	1,150,482
CURRENT LIABILITIES		
Financial debts	87,853	54,581
Trade payables	18,941	2,723
Income tax liabilities	141	63
Other financial liabilities	83,736	140,523
Other non-financial liabilities	3,544	3,560
Total current liabilities	194,215	201,450
TOTAL EQUITY AND LIABILITIES	3,192,868	1,980,303

Total assets and total liabilities

Total assets increased by EUR 1,212.6 million (61.2%) to EUR 3,192.9 million as at 31 December 2018. The main reason is the increase of long-term loans provided to entities within the CPI PG group.

Non-current and current liabilities total EUR 2,324.0 million as at 31 December 2018 which represents an increase by EUR 972.0 million (71.9%) compared to 31 December 2017. Main driver of this increase was an additional drawdown of loan provided to the Company by CPI PG.

EPRA Net assets value

The EPRA Net Asset Value per share as of 31 December 2018 is EUR 0.56 compared to EUR 0.46 as at 31 December 2017.

The EPRA Triple NAV amounts to EUR 0.53 per share compared to EUR 0.43 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.

	December 2018	December 2017
Consolidated equity	702,413	565,688
Deferred taxes on revaluations	33,653	33,048
EPRA Net asset value	736,066	598,736
Existing shares (in thousands)	1,314,508	1,314,508
Net asset value in EUR per share	0.56	0.46
EPRA Net asset value	736,066	598,736
Deferred taxes on revaluations	(33,653)	(33,048)
EPRA Triple Net asset value (*)	702,413	565,688
Fully diluted shares	1,314,508	1,314,508
Triple net asset value in EUR per share	0.53	0.43

(*) 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.

The following performance indicators have been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

Over the year 2018 the consolidated equity increased by EUR 136.7 million. The main driver of this increase is the profit of the year amounting to EUR 122.0 million.

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 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.

The articles of association may be modified by an extraordinary general meeting of the shareholders, deliberating with a quorum of at least half of the corporate capital and deciding by a vote of at least a two-thirds majority of the votes cast.

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 31 December 2018 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 2019 concerning the approval of the annual accounts for the financial year ending 31 December 2018.

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 31 May 2018 appointed Jiri Dedera as Managing Director (a*dministrateur 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 2018.

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 31 December 2018, 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 PricewaterhouseCoopers in Czech Republic and in the United States. He graduated from the Technical University of Brno, Czech Republic.

Erik Morgenstern, Chief Financial Officer, has over 12 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, Czech Republic.

During 2018, the Company employed several managers from CPIPG in order to reflect Company's intragroup managerial and financing function within CPIPG structure.

Committees of the Board of Directors

As of 31 December 2018 the Board of Directors has the following committees:

- Audit Committee
- Remuneration, Appointment and Related Party Transaction Committee

The implementation of decisions taken by these committees enhances the Company's transparency and corporate governance.

Independent and non-executive directors are a significant part of these committees.

Audit Committee

Following the changes in the Board of Directors composition throughout 2015 and 2016 the Audit Committee is now comprised of one independent member of the Board of Directors, Edward Hughes (chairman) and one executive director, Jiri Dedera.

The Audit Committee reviews the Company's accounting policies and the communication of financial information. In particular, the Audit Committee follows the auditing process, reviews and enhances the Company's reporting procedures by business lines, reviews risk factors and risk control procedures, analyzes the Company's group structure, assesses the work of external auditors, examines consolidated accounts, verifies the valuations of real estate assets, and audits reports.

The Audit Committee has therefore invited persons whose collaboration is deemed to be advantageous to assist it in its work and to attend its meetings.

Remuneration, Appointment and Related Party Transaction Committee

Following the changes in the Board of Directors composition throughout 2015 the Remuneration, Appointment and Related Party Transaction Committee (the "Remuneration Committee") is now comprised of one independent member of the Board of Directors, Edward Hughes (chairman), and one executive director, Jiri Dedera.

The Remuneration Committee presents proposals to the Board of Directors about remuneration and incentive programs to be offered to the management and the Directors of the Company. The Remuneration Committee also deals with related party transactions.

The role of the Remuneration Committee is among other things to submit proposals to the Board regarding the remuneration of executive managers, to define objective performance criteria respecting the policy fixed by the Company regarding the variable part of the remuneration of top management (including bonus and share allocations, share options or any other right to acquire shares) and that the remuneration of non-executive Directors remains proportional to their responsibilities and the time devoted to their functions.

Given the reduced size of the Board, there was no meeting of the Remuneration Committee in 2018.

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.

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. Out of 1,314,507,629 Company shares 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.

(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 2018.

(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 2018. 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 became obliged to launch a mandatory takeover bid to purchase any and all of the ordinary shares of the Company (the "Mandatory Takeover Offer"). 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 8 December 2017 the CSSF published press releases in which it stated, inter alia, that it has decided not to approve the offer document in the Mandatory Takeover Offer as a consequence of the existence of an undisclosed concern action with respect to the Company. On 15 March 2018 the CSSF published a press release informing that the decisions detailed in the above-mentioned CSSF press releases of 8 December 2017 have been challenged before the Luxembourg administrative courts.

As of the date of this report, the Company has not received any formal decision in relation to the Mandatory Takeover Offer.

(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.

97.31% of shares in the Company are held directly and indirectly by subsidiaries of CPI PROPERTY GROUP.

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

See section 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 Powers of the Board of Directors of this report and section Authorized capital not issued.

(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 31 December 2018, 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 2018, 2017, and 2016, 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 2019 to approve the accounts for the financial year ended 31 December 2018.

Reporting

Consolidated management report and the stand-alone management report are presented under the form of a sole report.

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 31 December 2018. 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.

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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.

POTENTIAL RISKS AND OTHER REPORTING REQUIREMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow interest rate risk and other risks), credit risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

Subsequent closing events

See point YEAR 2018 AND POST-CLOSING KEY EVENTS of this report.

Other reporting requirements

- The Company does not have any activities in research and development.
- The Company does not have any branch.

Financial Risks exposure

For a thorough description of the principal risks and uncertainties, see note 7 in 2018 Consolidated financial statements.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

Certain subsidiaries may be in breach of loan covenants

As of the date of this report, none of the Company's subsidiaries are in breach of financial ratios specified in their respective loan agreements and administrative covenants.

The Group's financing arrangements could give rise to additional risk

When the Group acquires a property using external financing, the Group usually gives a mortgage over the acquired property and pledges the shares of the specific subsidiary acquiring the property. There can be no assurance that the registration of mortgages and pledges has been concluded in accordance with applicable local law, and a successful challenge against such mortgages or pledges may entitle the lender to demand early repayment of its loan to the Group. The Group's financing agreements contain financial covenants that could, among other things, require the Group to maintain certain financial ratios. In addition, some of the financing agreements require the prior written consent of the lender to any merger, consolidation or corporate changes of the borrower and the other obligors. Should the Group breach any representations, warranties or covenants contained in any such loan or other financing agreement, or otherwise be unable to service interest payments or principal repayments, the Group may be required immediately to repay such borrowings in whole or in part, together with any related costs. If the Group does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the properties comprising the Group's investment portfolio, or refinance those borrowings with the risk that borrowings may not be able to be refinanced or that the terms of such refinancing may be less favorable than the existing terms of borrowing.

Market risk

Foreign exchange risk

Currency risk is applicable generally to those business activities and development projects where different currencies are used for repayment of liabilities under the relevant financing to that of the revenues generated by the relevant property or project. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the CZK, but also others (see note 7.3 in 2018 Consolidated financial statements). Functional currency of the most Group companies is the Czech koruna and a significant portion of revenues and costs are realised primarily in the Czech koruna.

For more detail, please refer to note 7.3.1 (i) Foreign exchange risk of the Consolidated financial statements.

Price risk

To manage its price risk arising from investments in equity securities and such embedded derivatives, the Group diversifies its portfolio or only enters these operations if they are linked to operational investments.

For more detail, please refer to note 7.3.3 Price risk of the Consolidated financial statements.

Interest rate risk

The Group uses fixed rate debt financing to finance the purchase, development, construction and maintenance of its properties. When floating rate financing is used, the Group's costs increase if prevailing interest rate levels rise. While the Group generally seeks to control its exposure to interest rate risks by entering into interest rate swaps, not all financing arrangements are covered by such swaps and a significant increase in interest expenses would have an unfavorable effect on the Group's financial results and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Rising interest rates could also affect the Group's ability to make new investments and could reduce the value of the properties. Conversely, hedged interests do not allow the Company to benefit from falling interest rates.

For more detail, please refer to note 7.3.2 Cash flow interest risk of the Consolidated financial statements.

Other risks

The Group is also exposed to property price and property rentals risk but it does not pursue any speculative policy. Even though the Group's activities are focused on one geographical area (Central Europe) such activities are spread over several business lines (residences, offices) and different countries.

Credit risk

The Group has no significant concentrations of commercial credit risk. Rental contracts are made with customers with an appropriate credit history. Credit risk is managed by local management and by Group management.

For more detail, please refer to note 7.1 Credit risk of the Consolidated financial statements.

Liquidity risk

For more detail, please refer to note 7.2 Liquidity risk of the Consolidated financial statements.

Capital Risk management

For more detail, please refer to note 7.4 Capital Risk management of the Consolidated financial statements.

Risks associated with real estate and financial markets

Changes in the general economic and cyclical parameters may negatively influence the Group's business activity.

The Group's core business activity is mainly based on the letting and sale of real estate property. The revenues from rents and revenues from sales of real estate property investments are key figures for the Group's value and profitability. Rents and sales prices depend on economic and cyclical parameters, which the Group cannot control.

The Group's property valuations may not reflect the real value of its portfolio, and the valuation of its assets may fluctuate from one period to the next.

The Group's investment property portfolio is valued at least once a year by an independent appraiser. The Group's property assets were valued as of 31 December 2018. The change in the appraised value of investment properties, in each period, determined on the basis of expert valuations and adjusted to account for any acquisitions and sales of buildings and capital expenditures, is recorded in the Group's income statements. For each euro of change in the fair value of the investment properties, the net income of the Group changes by one euro. Changes in the fair value of the buildings could also affect gains from sales recorded on the income statement (which are determined by reference to the value of the buildings) and the rental yield from the buildings (which is equal to the ratio of rental revenues to the fair value of the buildings). Furthermore, adverse changes in the fair value of the buildings could affect the Group's cost of debt financing, its compliance with financial covenants and its borrowing capacity.

The values determined by independent appraisers are based on numerous assumptions that may not prove correct, and also depend on trends in the relevant property markets. An example is the assumption that the Company is a "going concern", i.e., that it is not a "distressed seller" whose valuation of the property assets may not reflect potential selling prices. In addition, the figures may vary substantially between valuations. A decline in valuation may have a significant adverse impact on the Group's financial condition and results, particularly because changes in property values are reflected in the Group's consolidated net profit. Reversely, valuations may be lagging soaring market conditions, inadequately reflecting the fair property values at a later time.

The Group is also exposed to valuation risk regarding the receivables from its asset sales. Management values these receivables by assessing the credit risk attached to the counterparties for the receivables. Any change in the credit worthiness of a counterparty or in the Group's ability to collect on the receivable could have a significant adverse impact on the Group's financial position and results.

Changing residential trends or tax policies may adversely affect sales of developments.

The Group is involved in residential, commercial and retail development projects. Changing residential trends are likely to emerge within the markets in Central and Eastern Europe as they mature and, in some regions, relaxed planning policies may give rise to over-development, thereby affecting the sales potential of the Group's residential developments. Changing real estate taxes or VAT taxes may also have a notable impact on sales (such as for example a hike in sales before implementation of a tax increase followed by structurally lower sales). These factors will be considered within the investment strategy implemented by the Group but may not always be anticipated and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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, providing of equity loans and management services to other entities within the CPI PG group.

Environmental, social and ethical matters

The Group is committed to high standards in environmental, social and ethical matters. Our staff receive training on our policies in these areas, and are informed when changes are made to the policy. Our environmental policy is to comply with all applicable local regulations, while pursuing energy-efficient solutions and green / LEED certification wherever possible. Ethical practice is a core component of our corporate philosophy; we have achieved top-quality standards in reporting and communications, and have invested in the best professionals. From a social perspective, we care deeply about all our stakeholders. Our corporate culture is centered around respect and professionalism, and we believe in giving back to our community.

Environmental matters

The Group follows a pragmatic approach to environmental aspects of its business. Environmental criteria are one of the main aspects of the Group's development and construction projects.

Before each potential asset investment, the Group examines the environmental risks. Project timing, progress and budgets are carefully monitored, mostly with the support of external project monitoring advisors. Health, safety and environmental risks are monitored before and during construction.

Health and safety, as well as the technical and security installations are periodically inspected for checking of their status and the conformity with applicable legislation and local regulation.

As a priority item for apartment building renovations, the Group replaces older heating systems with natural gas systems, and seeks to improve the overall level of thermal insulation in its buildings.

Social matters

The Group follows Corporate Social Responsibility of its parent company CPI PG.

The Group aims to promote personal development of its employees. The Group provides a work environment that is motivating, competitive and reflects the needs of the employees. The Group promotes diversity and equal opportunity in the workplace.

Employees of the Group conduct annual reviews with their managers, covering also the relationships of the employees with their work and working place, as well as the Group in general.

Ethical matters

The Group has policies addressing conduct, including conflicts of interest, confidentiality, abuse of company property and business gifts.

GLOSSARY & DEFINITIONS

Alternative Performance Measures

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.

For new definitions of measures or reasons for their change, see below.

EPRA NAV

EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. For this reason, deferred taxes on property revaluations and the fair value of deferred tax liabilities are excluded as the investment property is not expected to be sold and the tax liability is not expected to materialize. In addition, the fair value of financial instruments which the company intends to hold to maturity is excluded as these will cancel out on settlement. All other assets including trading property, finance leases, and investments reported at cost are adjusted to fair value.

The objective of the EPRA NAV measure is to highlight the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Similarly, trading properties are adjusted to their fair value under EPRA's NAV measure.

The performance indicator has been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

EPRA NAV per share

EPRA NAV divided by the diluted number of shares at the period end.

EPRA NNNAV or EPRA Triple Net Asset Value

A company's adjusted per-share NAV.

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.

The objective of the EPRA NNNAV measure is to report net asset value including fair value adjustments in respect of all material balance sheet items which are not reported at their fair value as part of the EPRA NAV.

The performance indicator has been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

Equity ratio

Equity ratio is a measure that provides a general assessment of financial risk undertaken and is calculated as total equity as reported divided by total assets as reported.

Project Loan-to-Value

With respect to a structure of financing, the Group no longer provides the calculation of this measure, since it might be confusing for the reader.

Other definitions

EPRA

European Public Real Estate Association.

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) or Fair value of Property portfolio

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.

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.

Occupancy rate

The ratio of leased premises to leasable premises

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.

ORCO
PROPERTY GROUP

ORCO PROPERTY GROUP S.A.
40 rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg B 44996
(the "**Company**")

DECLARATION LETTER
FINANCIAL REPORTS
AS AT 31 DECEMBER 2018

1.1. Person responsible for the 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 Annual Financial Report

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

- the consolidated financial statements of the Company as at 31 December 2018, prepared in accordance with the International Financial Reporting 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

- that the Management Report as at 31 December 2018 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 29 March 2019

Mr. Jiří Dedera
CEO, Managing Director

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ORCO PROPERTY GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2018

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	12 month period ended 31 December 2018	31 December 2017 Adjusted*
Gross rental income		1,683	2,156
Sale of services*	5.1	25,029	4,248
Cost of service charges*		(950)	(1,381)
Property operating expenses		(1,215)	(1,272)
Net service and rental income		24,547	3,751
Development sales		10	595
Development operating expenses		(7)	(505)
Net development income		3	90
Total revenues		26,722	6,999
Total direct business operating expenses		(2,172)	(3,158)
Net business income		24,550	3,841
Net valuation gain on investment property*	5.2	3,225	105,449
Net gain on the disposal of investment property and subsidiaries		3,069	35
Amortization, depreciation and impairments	5.3	(9,539)	2,138
Administrative expenses	5.4	(13,925)	(2,028)
Other operating income		968	241
Other operating expenses	5.5	(269)	(1,100)
Operating result		8,079	108,576
Interest income	5.6	111,860	56,572
Interest expense	5.7	(60,750)	(28,297)
Other net financial result*	5.8	10,408	3,758
Net finance income		61,518	32,033
Share of profit / (loss) of equity-accounted investees (net of tax)	6.2	(698)	6,217
Profit before income tax		68,899	146,826
Income tax expense	5.9	53,120	(9,547)
Net profit from continuing operations		122,019	137,279
Items that may or are reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		(2,936)	14,849
Effective portion of changes in fair value of available-for-sale financial assets		20,793	5,584
Other comprehensive income for the period, net of tax		17,857	20,433
Total comprehensive income for the period		139,876	157,712
Profit attributable to:			
Owners of the Company		123,511	137,586
Non-controlling interests		(1,492)	(307)
Profit for the year		122,019	137,279
Total comprehensive income attributable to:			
Owners of the Company		141,368	158,019
Non-controlling interests		(1,492)	(307)
Total comprehensive income for the year		139,876	157,712
Earnings per share	6.12		
Basic earnings in EUR per share		0.09	0.10
Diluted earnings in EUR per share		0.09	0.10

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	31 December 2018	31 December 2017 Adjusted*
Non-current assets			
Intangible assets		27	-
Investment property	6.1	474,778	450,373
Property, plant and equipment		398	35
Equity accounted investees	6.2	3,890	4,571
Other investments	6.3	125,406	104,613
Loans provided	6.4	2,283,819	1,196,932
Trade and other receivables	6.5	7,988	12
Deferred tax asset	5.9, 6.6	180,021	123,565
Total non-current assets		3,076,327	1,880,101
Current assets			
Inventories	6.7	7,967	6,348
Income tax receivables		275	279
Trade receivables	6.8	5,400	4,540
Loans provided	6.4	84,474	68,490
Cash and cash equivalents	6.9	14,705	11,230
Other financial assets	6.10	1,956	8,069
Other non-financial assets		1,378	849
Assets held for sale	6.11	386	397
Total current assets		116,541	100,202
Total assets		3,192,868	1,980,303
Equity			
Equity attributable to owners of the Company		702,413	565,688
Non-controlling interests		166,453	62,683
Total equity		868,866	628,371
Non-current liabilities			
Financial debts	6.13	2,091,697	1,113,884
Deferred tax liability	5.9	34,160	33,048
Provisions	6.14	1,574	1,559
Other financial liabilities		2,356	1,991
Total non-current liabilities		2,129,787	1,150,482
Current liabilities			
Financial debts	6.13	87,853	54,581
Trade payables	6.15	18,941	2,723
Income tax liabilities*		141	63
Other financial liabilities*	6.16	83,736	140,523
Other non-financial liabilities*	6.17	3,544	3,560
Total current liabilities		194,215	201,450
Total equity and liabilities		3,192,868	1,980,303

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.1 (b) and 2.4.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Note	Share capital	Share premium	Translation reserve	Other reserves	Equity attributable to owners of the company	Non controlling interests	Total equity
Balance at 1 January 2018 (audited)		13,145	784,670	25,027	(257,154)	565,688	62,683	628,371
Adjustment on initial application of IFRS 9 (net of tax)		-	-	-	(4,658)	(4,658)	-	(4,658)
Adjusted balance at 1 January 2018		13,145	784,670	25,027	(261,812)	561,030	62,683	623,713
Comprehensive income:								
Profit/(loss) for the year		-	-	-	123,511	123,511	(1,492)	122,019
Total comprehensive income		-	-	(2,936)	20,793	17,857	-	17,857
Total comprehensive income		-	-	(2,936)	20,793	17,857	-	17,857
Total comprehensive income for the period		-	-	(2,936)	144,304	141,368	(1,492)	139,876
Total contributions by and distributions to owners of the Company		-	-	-	-	-	-	-
Disposal of non-controlling interests under common control	3.1	-	-	-	15	15	105,262	105,277
Total changes in ownership interests in subsidiaries		-	-	-	15	15	105,262	105,277
Balance at 31 December 2018		13,145	784,670	22,091	(117,493)	702,413	166,453	868,866

	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 year		-	-	-	137,586	137,586	(307)	137,279
Total comprehensive income		-	-	14,849	5,584	20,433	-	20,433
Total comprehensive income		-	-	14,849	5,584	20,433	-	20,433
Total comprehensive income for the period		-	-	14,849	143,170	158,019	(307)	157,712
Effect of the acquisitions of subsidiaries under common control		-	-	-	(2,876)	(2,876)	40,776	37,900
Total contributions by and distributions to owners of the Company		-	-	-	(2,876)	(2,876)	40,776	37,900
Disposal of non-controlling interests under common control		-	-	-	-	-	21,739	21,379
Total changes in ownership interests in subsidiaries		-	-	-	-	-	21,739	21,739
Total transactions with owners of the Company		-	-	-	(2,876)	(2,876)	62,515	59,639
Other movements								
Share of loss of equity-accounted investees		-	-	-	(2,253)	(2,253)	-	(2,253)
Total other movements		-	-	-	(2,253)	(2,253)	-	(2,253)
Balance at 31 December 2017		13,145	784,670	25,027	(257,154)	565,688	62,683	628,371

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	12 month period ended 31 December 2018	31 December 2017 Adjusted*
Profit before income tax		68,899	146,826
Adjusted by:			
Net valuation gain on investment property*	5.2	(3,225)	(105,449)
(Gain)/Loss on the disposal of investment property and subsidiaries		(3,069)	(35)
Depreciation/amortisation of tangible and intangible assets	5.3	4	-
Impairment of assets/Reversal of impairment of assets	5.3	9,535	(2,138)
Net finance costs	5.6,5.7,5.8	(56,707)	(38,655)
Share of (profit)/loss of equity accounted investees	6.2	698	(6,217)
Unrealized exchange rate differences*		(21,638)	11,015
Profit before changes in working capital and provisions		(5,503)	5,347
Decrease/(increase) in inventories		(191)	137
Decrease/(increase) in trade and other receivables		528	(3,459)
Increase in trade and other payables		13,426	87,420
Changes in provisions		60	225
Income tax paid		(677)	(439)
Net cash from operating activities		7,643	89,231
(Acquisition)/settlement of subsidiaries, net of cash acquired/disposed		2,537	(50,741)
Purchase and expenditures on investment property	6.1	(21,890)	(3,911)
Purchase and expenditures of property, plant and equipment		(363)	(9)
Purchase of other investments	6.2	(17)	(15,927)
Proceeds from sale of investment property		1,234	-
Purchase of intangible assets		(31)	-
Disposal of subsidiaries, net of cash acquired		-	15,302
Purchase of RP bonds		(154,813)	-
Repayments of RP bonds		160,480	-
Loans provided		(1,317,037)	(1,026,258)
Loans repaid		297,080	38,807
Interest received		25,143	1,159
Net cash used in investing activities		(1,007,677)	(1,041,578)
Disposal of non-controlling interests under common control	3.1	23,272	21,739
Repayment of bonds issued		-	(13,489)
Repayment interest of bonds issued		-	(944)
Drawdowns of loans and borrowings		1,539,441	971,261
Repayments of loans and borrowings		(491,315)	(17,064)
(Repayments)/Drawdowns of finance lease liabilities	6.13	(25)	283
Interest paid		(67,877)	(424)
Net cash from financing activities		1,003,496	961,362
Net increase in cash		3,462	9,015
Cash and cash equivalents at the beginning of the year		11,230	2,215
Effect of movements in exchange rates on cash held		13	-
Cash and cash equivalents at the end of the year		14,705	11,230

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4.

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 and management services to other entities within the CPI PG Group (as defined below).

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.

The Company´s shares registered under ISIN code LU0122624777 are listed on the regulated markets of the Luxembourg Stock Exchange and the Warsaw Stock Exchange.

Description of the ownership structure

As at 31 December 2018, CPI PROPERTY GROUP S.A. indirectly owns 97.31% of the Company shares (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. CPI PG is a Luxembourg 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. As at 31 December 2018, Radovan Vítek, the ultimate beneficial owner of the Group, indirectly owns 91.61% of CPI PG (94.25% voting rights).

For the list of shareholders as at 31 December 2018 refer to note 6.12.

Board of Directors

As at 31 December 2018 and 31 December 2017 the Board of Directors consists of the following directors:

Mr. Jiří Dedera

Mr. Edward Hughes

Mr. Erik Morgenstern

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

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

The consolidated financial statements have been prepared on a going concern basis.

As at 31 December 2018, the consolidated statement of financial position shows an excess of current liabilities over current assets of EUR 77.7 million. The net current assets deficit was caused by the classification of part of loans received from related parties within the current liabilities when the associated loans provided to related parties has been classified within non-current assets. Group's management expects that the net cash inflows from financing activities will be sufficient to cover the net current assets deficit in foreseeable future.

The consolidated financial statements were authorized for issue by the Board of Directors on 27 March 2019.

(b) New and amended standards and interpretations

For the preparation of these consolidated financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2018.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and effect of the changes as a result of adoption of these new accounting standards and interpretations are described below.

IFRS 15, 'Revenue from contracts with customers', provides a framework that replaces existing revenue recognition guidance in IFRS.

The standard establishes a five-step model to help to determine the amount and timing of revenue recognition. Changes can arise because of the new regulations for revenue recognition on transfer of control, multi-component transactions with revenue recognised over the period of performance and extended disclosures in the notes. Rental income is excluded from the scope of IFRS 15. IFRS 15 however applies to Group's service charges and other income and other activities revenue.

The Group adopted the standard in the annual period beginning 1 January 2018. The Group adopted IFRS 15 fully retrospectively, restating the comparative period amounts.

The standard required entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Net versus gross revenue recognition

Before the adoption of IFRS 15, the Group analysed principal versus agent criteria stipulated by IAS 18 and concluded that it does not have an exposure to the significant risks and rewards associated with service charges and accounted for these transactions as if it was an agent. Under IFRS 15, control of the specified goods or services is the overarching principle to consider in determination whether an entity acts as a principal or an agent. The Group evaluated individual service charge arrangements and determined that it does control the services before they are transferred to tenants and therefore that the Group rather acts as a principal in the arrangements. Consequently, the Group changed, in respect of service charges, revenue recognition from net to gross, before deduction of cost of services.

Management also concluded that service revenue should no longer be presented separately from other service charges, because combined presentation of the service charges provides more relevant information about the business. More detail on service charge and other income is provided in note 2.2(l).

Because different conclusion was reached under the legacy IAS 18, this conclusion represents a policy change. There is no impact on the statement of financial position as at 1 January 2017 and 31 December 2017. The statement of profit or loss for the year ended 31 December 2017 was adjusted due to changes in accounting policy as follows:

	31 December 2017	Effect of IFRS 15 adoption	31 December 2017 Adjusted
Gross rental income	2,156	-	2,156
Service revenue	3,180	(3,180)	-
Net service charge income	(313)	313	-
Sale of services	-	4,248	4,248
Cost of service charges	-	(1,381)	(1,381)
Property operating expense	(1,272)	-	(1,272)
Net service and rental income	3,751	-	3,751
Total revenues	5,618	466	6,084
Total direct business operating expenses	(1,777)	(466)	(2,243)
Net business income	3,841	-	3,841

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires, in specific cases, judgement.

Multiple versus single performance obligation

- Development sales

Revenue from sale of trading property is recognized by the Group at point of time when control over the property is transferred to a customer. Under IFRS 15, the Group considers, on individual transaction basis, whether the sale of property includes more separate performance obligations for which the timing of revenue recognition should differ. The analysis of not yet completed contracts had no impact on the Group's consolidated financial statements as of 1 January 2018.

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through profit or loss. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The assessment of the Group's business model was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group:

- *Trade receivables and other financial assets* are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Trade receivables and other financial assets are classified and measured as debt instruments at amortised cost.
- *Loans provided* are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Loans provided are classified and measured as debt instruments at amortised cost.
- *Equity investments* previously classified as available-for-sale financial assets are now classified within Other non-current financial assets and are measured as at fair value through OCI. The Group elected to classify its equity investments under this category as it intends to hold these investments for the foreseeable future.

The following table and the accompanying notes below explain the measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group´s financial assets as at 1 January 2018:

Financial assets	Note	Classification and measurement under IAS 39	Classification and measurement under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9
Other investments		Available for sale	Fair value through OCI	104,613	104,613
Loans provided*	a)	Loans and receivables	Amortised cost	1,265,422	1,259,034
Trade and other receivables – non-current		Loans and receivables	Amortised cost	12	12
Trade receivables – current		Loans and receivables	Amortised cost	4,540	4,540
Cash and cash equivalents		Loans and receivables	Amortised cost	11,230	11,230
Other financial current assets		Loans and receivables	Amortised cost	8,069	8,069
Total financial assets				1,393,886	1,387,498

a) Loans provided that were classified as loans and receivables under IAS 39 are now classified at amortised cost. On transition to IFRS 9, an allowance for impairment of EUR 6.4 million was recognised as a decrease in opening retained earnings as at 1 January 2018.

There are no changes in measurement for the Group's financial liabilities.

(ii) Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a expected credit loss (ECL) approach. IFRS 9 requires to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

As a result of the IFRS 9 adoption, the Group recognised additional impairment to loans provided at amortized cost in amount of EUR 6.4 million, which resulted, considering deferred tax effect of EUR 1.7 million, in an adjustment to the opening balance of equity of EUR 4.7 million as at 1 January 2018.

The following table summarizes the impact on the Group's opening balances as at 1 January 2018:

	1 January 2018
Impairment - loans and interest	(6,388)
Increase of deferred tax assets	1,730
Total assets	(4,658)
Retained earnings from previous periods	(4,658)
Total equity	(4,658)
Total equity and liabilities	(4,658)

Amendments to IAS 40 'Investment Property' concerning transfers of Investment Property (standard not yet endorsed by EU) states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. There was no significant impact of the amendments to IAS 40 on the Group's consolidated financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation addresses foreign currency transactions or parts of transactions where: there is consideration that is denominated or priced in a foreign currency; the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary. The Interpretations Committee came to the following conclusion: the date of the transaction, for determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability; if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group adopted guidance of IFRIC in the annual period beginning 1 January 2018. The adoption had no significant impact on the Group's consolidated financial statements.

New standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- IFRS 16, 'Leases' sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard allows two recognition exemptions for lessees – leases of low-value assets and short-term leases (leases with a lease term of 12 months or less). At the lease commencement date, a lessee will recognise the lease liability and an asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17.

  IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

  The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment and cars that are considered of low value.

  The Group analysed all its actual lease contracts where the Group acts as a lessee and evaluated that the impact will not be material for its consolidated financial statements.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation specifically addresses: 1) Whether an entity considers uncertain tax treatments separately. 2) The assumptions an entity makes about the examination of tax treatments by taxation authorities. 3) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. 4) How an entity considers changes in facts and circumstances. An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. The Group will apply the interpretation from its effective date. The interpretation is not expected to have significant impact on the Group's consolidated financial statements.

(c) Basis of measurement

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

- Inventories at lower of cost or net realisable value;
- Investment property is measured at fair value;
- Derivative instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss are measured at fair value;

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

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

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

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

- Note 2.2(c) – Classification of investment property
- Note 2.2(l) – Service charges: Gross versus net revenue recognition.

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

- Note 2.2(i) - Impairment test;
- Note 2.3 – Determination of fair value;
- Note 5.9 – Income tax expenses;
- Note 7 – Financial risk management.

2.2 Significant accounting policies

Except for the changes described above in note 2.1(b). New standards, the accounting policies used in preparing the consolidated financial statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

(a) Basis of consolidation

(i) Business combinations

The Group uses the direct method of consolidation, under which the financial statements are translated directly into the presentation currency of the Group, EUR. Subsidiaries are fully consolidated from the date of the acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

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

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

(ii) Business combinations involving entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are not in scope of IFRS 3. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the financial statements of the acquire or at deemed costs if the local standards are different from IFRS adopted by EU. Components of equity of the acquired entities are added to the corresponding equity components of the Group and any gain or loss arising is recognised in equity.

(iii) Loss of control

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

(iv) Equity accounted investees

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

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

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

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

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

(v) Property asset acquisition

Transaction that does not represent a business combination, because the acquired entity does not constitute a business in accordance with the IFRS 3, are accounted for as an asset acquisition.

(b) Foreign currency

(i) Functional currencies

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

The Group's consolidated financial statements are presented in EUR. The table below presents functional currencies of all Group's subsidiaries having non EUR functional currency. Each Group's subsidiary determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. For the purposes of inclusion in the consolidated financial statements, the statement of financial position of entities with non-EUR functional currencies are translated to EUR at the exchange rates prevailing at the balance sheet date and the income statements are translated at the average exchange rate for each month of the relevant year. The resulting net translation difference is recorded in OCI. When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of gain or loss on the disposal.

Group's entities in different countries that have non-EUR functional currency:

Country	Functional currency
Czech Republic	CZK
Poland	PLN

(ii) Foreign currency transactions

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

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

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

The Group translates the foreign currency operations and transactions using the foreign exchange rates declared by relevant central banks.

(c) Investment property and investment property under development

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost of investment property includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

External independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at the year end of 2018 and 2017 respectively.

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

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

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

(d) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are accounted for as described in accounting policy 2.2 (m).

(e) Property, plant and equipment

(i) Recognition and measurement

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

Other items of property, plant and equipment are measured at the lower of cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use, capitalised borrowing costs and an appropriate proportion of production overheads.

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

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

(ii) Reclassification to investment property

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

(iii) Subsequent costs

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

(iv) Depreciation

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

Items of property, plant and equipment are depreciated from the date that they are ready for use.

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

Assets	2018	2017
Property	50 - 80 years	50 - 80 years
Equipment	5 - 10 years	5 - 10 years
Fittings	3 - 20 years	3 - 20 years

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

(f) Intangible assets

(i) Other intangible assets

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

(g) Inventories

Inventories represent trading property and are measured at the lower of cost and net realisable value.

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

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

(h) Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition: as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Group measures financial assets at *amortised cost* if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is classified and measured at *fair value through OCI* if it meets both of the following conditions:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through OCI as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be classified and measured at amortised cost or at fair value through OCI, to be classified and measured at fair value through profit or loss if it eliminates or reduces an accounting mismatch that would otherwise arise.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group's financial assets at amortised cost include trade receivables, and loans provided.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

- *Financial assets designated at fair value through OCI (equity instruments)*

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Investment in an equity instrument that does not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are inappropriate are carried at cost.

- *Financial assets at fair value through profit or loss*

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Loans provided

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

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

The cash flow statement of the Group is prepared based on the indirect method from the consolidated statement of financial position, consolidated statement of profit and loss.

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

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

Bond transaction costs

Bonds payable are initially recognized at the amount of the proceeds from issued bonds less any attributable transaction costs.

Bond transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.

(iii) Share capital

Ordinary shares

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

(i) Impairment

(i) Impairment of non-derivative financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the discounted cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience.

The Group considers a non-derivative financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding amounts in full. A non-derivative financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determination of ECLs for loans provided to related parties is based on Group's risk assessment and estimated rating of the borrower.

(ii) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property (see accounting policy 2.2(c)), property plant and equipment (only partially, see accounting policy 2.2(e)), inventories (see accounting policy 2.2(g)), and deferred tax assets (see accounting policy 2.2(p)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. For the purpose of impairment testing, assets are grouped together into cash generating units (CGU's) - the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

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

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Assets held for sale and disposal groups

Non-current assets held for sale and disposal groups comprising assets and liabilities, are classified as held-for-sale when it is highly probable that they will be recovered primarily through sale rather than through continuing use. The following criteria must be met for an asset or disposal group to be classified as held for sale: the Group is committed to selling the asset or disposal group, the asset is available for immediate sale, an active plan of sale has commenced, the sale is expected to be completed within 12 months and the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.

Such assets, or disposal groups, are measured at the lower of carrying amount and fair value less costs to sell.

(l) Revenue

(i) Rental revenue

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease.

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

(ii) Services rendered

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

(iii) Service charges and other income

Income arising from expenses recharged to tenants is recognized in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in net rental income gross of the related costs. The Group determined that it does control the services before they are transferred to tenants and therefore that the Group acts rather as a principal in these arrangements.

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

Revenue from the sale of investment and trading property, investments in subsidiaries and equity-accounted investees is recognised in profit or loss by the Group at point of time when the control over the property is transferred to a customer, usually on the date on which the application is submitted to the Land Registry for transfer of legal ownership title. The property must be completed, and the apartments are ready for sale, including the necessary regulatory permissions.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sale arrangement.

(m) Expenses

(i) Service costs and property operating expenses

Service costs and property operating expenses are expensed as incurred. Expenditures that relate to multiple accounting periods are deferred and recognised over those accounting periods irrespective of the timing of the consideration given or liability incurred.

(ii) Operating lease payments

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

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

(n) Interest income, interest expense and other net financial result

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

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

Other net financial result comprises dividend income, gains on disposal of debt investments at fair value through OCI, gains on derivative instruments that are recognised in profit or loss and reclassifications of amounts (losses) previously recognised in OCI, bank charges, losses on disposal of debt investments at fair value through OCI, losses on derivative instruments that are recognised in profit or loss and reclassifications of amounts (gains) previously recognised in OCI and foreign currency gains and losses that are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements result in a net gain or net loss position.

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

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

(o) Current income tax

Current income tax assets and liabilities recognised are the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Group operates and generates taxable income.

The estimated current income tax expense is calculated using the accounting profit for the period and an estimate of non-deductible expenses of each entity of the Group and the corresponding income tax rate applicable to the given country and accounting period.

Current and deferred income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(p) Deferred tax

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

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

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

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

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

(q) Earnings per share

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(r) Entity wide disclosures

The Group has applied the criteria of IFRS 8, 'Operating Segments' to determine the number and type of operating segments. From second half of 2018, the Group reports as a single operating segment entity. Previously, the Group reported the three operating segments: Income generating rental properties, Land bank and Development. The entity wide disclosures are determined based on the nature of the business and how the business is managed by the Board of Directors, the Group's chief operating decision maker and reflect the internal reporting structure.

Reasons supporting the change of operating segments in 2018 are:

- The chief operating decision maker no longer focuses on the differentiation based on the asset types but reviews and manages the business as a whole.
- Income generating rental properties, land bank and development, previously reported as individual operating segments, became less significant business considering the Group's financing function.

As required by IFRS 8, the Group provides information on the business activities in which, the Group engages including split of revenue and investment property per asset portfolio.

(s) Key management personnel

The Group discloses the total remuneration of key management personnel as required by IAS 24 – Related party disclosures. The Group includes within key management personnel all individuals (and their family members, if applicable) who have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include all members of the Management Board and the senior executives of the Group.

2.3 Determination of fair value

Investment property

Investment properties are stated at fair value as at 31 December 2018 and 2017 based on external valuations performed by professionally qualified valuers. The Group's property portfolio in the Czech Republic is valued mainly by Jones Lang LaSalle, Cushman & Wakefield, RSM TACOMA and Mazars. Only small assets in the Czech Republic and Poland were valued internally.

Independent valuations are reviewed by the Group's management and represent a basis for the management's estimate of the investment properties' fair value. Those estimates considered the results of current and prior external valuations, information from comparable selling and purchase transactions, the deferred tax impact and current market conditions.

Valuations reflect, where appropriate, the type of tenants in occupation or responsible for meeting the lease commitments and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

The following valuation methods of investment property were used:

The real estate market in Central and Eastern Europe is considered small and transactions with real estate portfolios of the size similar to that of the Group's portfolio are rare. Global volatility of the financial system is reflected also in local residential and commercial real estate markets. Therefore, in arriving at the estimates of market values of investment property as at 31 December 2018 and 31 December 2017, the reliance placed on comparable historical transactions was limited. Due to the need to use the market knowledge and professional judgements of the valuers to a greater extent, there was higher degree of uncertainty than which would exist in a more developed and active market.

(i) Office, Industry and Logistics

Office, logistics and industry properties have been valued using predominantly income capitalization and discounted cash flow valuation techniques. Income capitalization method is based on the capitalization of the net annual income the property generates or is potentially able to generate. On lease expiry, future income flows have been capitalized into perpetuity at the estimated rental value, taking into account expiry voids and rent free periods. The net income is the total rental income reduced by the costs the landlord cannot cover from the tenants. The capitalisation yield (equivalent yield) is determined by the market transactions achieved at the sale of the property or similar properties in the market between the willing buyer and the willing seller in the arm´s length transaction. A yield reflects the risks inherent in the net cash flows applicable to the net annual rentals to arrive at the property valuation. The sales comparison valuation technique has been used for smaller special retail assets in Czech Republic.

(ii) Land and vacant buildings

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

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

(iii) Investment property under development / developments

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

In assessing the Gross Development Value, the valuator adopted a market approach by estimating the market rental values for the accommodation being developed, and the appropriate capitalisation rate which a potential investor would require, to arrive at the Market Value of the completed and leased building.

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

2.4 Changes in accounting policies

(a) Change in classification of foreign exchange gains or losses on revaluation of the investment properties

The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties from the Other net financial result to the Net valuation gain or loss. Management finds the adjusted presentation more relevant, because the effect is already included in determination of the fair value of the relevant investment properties by the Group's subsidiaries.

Comparative information as of 31 December 2017 was adjusted accordingly. The change in the accounting policy had no impact on the statement of financial position, the impact on the statement of comprehensive income is presented in the table below:

	31 December 2017	Effect of the accounting policy change	31 December 2017 Adjusted
Net business income	3,841	-	3,841
Net valuation gain on investment property	113,013	(7,564)	105,449
Operating result	116,140	(7,564)	108,576
Other net financial result	(3,806)	7,564	3,758
Net finance income	24,469	7,564	32,033
Profit before income tax	146,826	-	146,826
Net profit from continuing operations	137,279	-	137,279

(b) Other classification changes

The Group reclassified Income tax liabilities from Other current non-financial liabilities to present them, in line with IAS 1, separately in the consolidated statement of financial position. Comparative information of EUR 0.1 million as at 31 December 2017 was adjusted accordingly.

To provide more relevant information, the Group reclassified the following items, which are no longer presented separately, in the consolidated financial statements:

- Net gain/(loss) on disposal of subsidiaries and investees was reclassified to Net gain/(loss) on the disposal of investment property and subsidiaries. Comparative information of EUR 0.1 million as at 31 December 2017 was adjusted accordingly.
- Current advance payments were reclassified to Other current financial liabilities. Comparative information of EUR 84.6 million as at 31 December 2017 was adjusted accordingly.

For details of the policy change required by adoption of IFRS 15 and IFRS 9, refer to note 2.1 (b).

3 The Group structure

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

As at 31 December 2018 the Group comprises its parent company and 33 subsidiaries (at 31 December 2017 - 34 subsidiaries) and three joint ventures. For list of subsidiaries, refer to Appendix I.

3.1 Changes in the Group structure in 2018

Liquidation of Orco Project Limited

Following the liquidation of Orco Project Limited on 28 January 2018, the entity was deconsolidated.

Disposal of non-controlling interest

On 26 June 2018, the Company completed the transfer of 80% stake in Bubny Development, subsidiary holding the Bubny land bank in Prague, to related company GSG Europa Beteiligungs GmbH ("GSG Europa").

The Group continues to manage Bubny Development pursuant to shareholders agreement, entered into between the Company and GSG Europa. The agreement details the governance, control and cooperation between the shareholders. Considerring IFRS 10, the management concluded that the Group has control over Bubny Development. Bubny Development is therefore consolidated in the Group's consolidated financial statements as at and for the period ended 31 December 2018.

Both the Company and GSG Europa are being consolidated by CPI PG. The disposal price was based on the IFRS NAV value.

The purchase price for the 80% stake in Bubny amounted to EUR 107.3 million. An advance payment of EUR 84 million was received in 2017 (note 6.16) and the remaining EUR 23.3 million in September 2018.

3.2 Changes in the Group structure in 2017

In 2017, the Group acquired the following entities:

Entity	Change	Share owned by the Group in %	Date of acquisition/foundation
MQM Czech, a.s.	acquisition	20.00%	15 November 2017
Polygon BC, a.s.	acquisition	20.00%	15 November 2017
Družstvo Land	acquisition	99.96%	29 December 2017
CPI Park Žďárek, a.s.	acquisition	99.94%	29 December 2017

In 2017, the following entities were disposed or liquidated:

Entity	Change	Share owned by the Group in %	Date of disposal/liquidation
Capellen S.A.	disposal	100.00%	25 January 2017
STRM Delta, a.s.	disposal	100.00%	7 November 2017
Development Pražská, s.r.o.	disposal	100.00%	13 December 2017

4 Entity-wide disclosures

With respect of an increased significance of the Group's financing and services rendering to CPI PG group, the Group revised its segment reporting (see note 2.2). For comparison purposes the Group applied the change retrospectively from 1 January 2017. The management of the Group reviews financial information that is principally the same as that based on the accounting policies described in note 2.2.

The group is engaged primarily in financing of CPI PG group; the Group's other business activities consist of:

- rendering of advisory and other services to CPI PG group;
- investing in land bank and development portfolio in the Czech Republic; and
- renting of office portfolio in Poland.

4.1 Financing

Interest income by countries

	12 month period ended			
	31 December 2018		31 December 2017	
	Amount	In %	Amount	In %
Czech Republic	-	-	199	-
Luxembourg	111,860	100%	56,373	100%
Total	111,860	100%	56,572	100%

Loans provided by country of the creditor

	31 December 2018		31 December 2017	
	Amount	In %	Amount	In %
Czech Republic	-	-	3,834	-
Luxembourg	2,283,819	96%	1,193,098	95%
Non-current loans provided	2,283,819	96%	1,196,932	95%
Czech Republic	3,834	-	-	-
Luxembourg	80,640	4%	68,490	5%
Current loans provided	84,474	4%	68,490	5%
Total	2,368,293	100%	1,265,422	100%

4.2 Other business activities

Revenues by countries

	12 month period ended			
	31 December 2018		31 December 2017	
	Amount	In %	Amount	In %
Czech Republic	1,839	7%	3,388	48%
- Land bank	1,236	5%	1,418	20%
- Office	-	-	810	12%
- Development	129	-	594	8%
- Industry and logistics	474	2%	566	8%
Luxembourg	24,429	91%	1,501	22%
- Rendering of services	24,363	91%	1,427	21%
- Other	66	-	74	1%
Poland	454	2%	400	6%
- Office	454	2%	400	6%
Other*	-	-	1,710	24%
- Rendering of services	-	-	1,710	24%
Total	26,722	100%	6,999	100%

* In 2017, the other countries included operations in France, Germany and Guernsey.

Investment property by countries

	31 December 2018		31 December 2017	
	Amount	In %	Amount	In %
Czech Republic	470,103	99%	445,670	99%
- Land bank	427,896	90%	424,255	94%
- Office	-	-	11,653	3%
- Development	40,327	9%	8,362	2%
- Industry and logistics	1,880	-	1,400	-
Poland	4,675	1%	4,703	1%
- Office	4,675	1%	4,703	1%
Total	474,778	100%	450,373	100%

5 Consolidated statement of comprehensive income

5.1 Sale of services

	12 month period ended 31 December 2018	31 December 2017 Adjusted*
Service revenue	24,388	3,180
Service charge income	618	1,054
Revenues from sales of utilities	23	14
Total sale of services	25,029	4,248

* The Group, adopting IFRS 15, changed accounting policy for service charge income from net to gross revenue recognition. Comparative information as of 31 December 2017 was adjusted accordingly, refer to note 2.4 for more detail.

In 2018, service revenue increased due to advisory and management services which are provided to entities controlled by the ultimate shareholder of the Group. The advisory and management services amounted to EUR 24.2 million in 2018.

5.2 Net valuation gain

	12 month period ended 31 December 2018	31 December 2017 Adjusted*
Valuation gain, net of foreign exchange gain	7,856	114,290
Valuation loss, net of foreign exchange loss	(5,476)	(1,276)
Net foreign exchange gain/(loss) on investment property	845	(7,565)
Net valuation gain	3,225	105,449

* The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties from the Other net financial result to the Net valuation gain. Comparative information as of 31 December 2017 was adjusted accordingly, refer to note 2.4 for more detail.

Net valuation gain in 2018 mainly relates to the land bank project in Špindlerův Mlýn, the Czech Republic.

In 2017, the revaluation gain relates to two significant land bank projects located in Prague, the Czech Republic. 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.

For the assumptions, the professional valuers used for the preparation of appraisals as at 31 December 2018 refer to note 2.3 and 7.5.3.

5.3 Amortization, depreciation and impairments

	12 month period ended 31 December 2018	31 December 2017
Depreciation and amortization – rental	(4)	-
Total impairment of assets/reversal of impairment	(9,535)	2,138
Total amortization, depreciation and impairments	(9,539)	2,138

In 2018, the impairment cost of EUR 9.2 million relates to adoption of IFRS 9, refer to note 2.1.

5.4 Administrative expenses

	12 month period ended 31 December 2018	31 December 2017
Advisory and tax services	(9,980)	(325)
Audit services	(283)	(269)
Personnel expenses	(895)	(392)
Legal services	(940)	(320)
Lease and rental expenses	(180)	(161)
Advertising expenses	(162)	(85)
Other administrative expenses	(1,485)	(476)
Total administrative expenses	(13,925)	(2,028)

In 2018, the advisory expenses primarily include the management services received from related parties in amount of EUR 9.3 million.

Non-cancellable operating lease commitments are as follows :

- EUR 0.1 million not later than 1 year (2017: EUR 0.1 million);
- EUR 0.3 million later than 1 year and not later than 5 years (2017: EUR 0.1 million);
- EUR 0.1 million later than 5 years (2017: EUR 0 million).

Personnel administrative expenses

	12 month period ended 31 December 2018	31 December 2017
Wages and salaries	(734)	(318)
Social and health security contributions	(156)	(78)
Other social expenses	(5)	4
Total personnel administrative expenses	(895)	(392)

The Group has 11 employees as at 31 December 2018 (7 employees as at 31 December 2017).

5.5 Other operating expenses

	12 month period ended 31 December 2018	31 December 2017
Change in provision	(60)	(158)
Other	(209)	(942)
Total other operating expenses	(269)	(1,100)

5.6 Interest income

Interest income on loans and receivables relates primarily to loans provided to related parties (see note 6.4 and 11).

5.7 Interest expense

Interest expense relates primarily to loans received from related parties, (see note 6.13 and 11).

5.8 Other net financial result

	12 month period ended 31 December 2018	31 December 2017 Adjusted*
Change in fair value and realized result on derivative instruments	-	11,334
Other net financial result	5,630	(918)
Net foreign exchange gain/(loss)	4,811	(6,622)
Bank charges	(33)	(36)
Total other net financial result	10,408	3,758

*The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties of EUR 7.6 million from the Other net financial result to the Net valuation gain. Comparative information as of 31 December 2017 was adjusted accordingly, refer to note 2.4 for more information.

In August 2018, the Company acquired approximately CZK 2 billion (app. EUR 77.7 million) of bonds issued by related company CPI BYTY, a.s. The bonds were due in May 2019 and 2021 respectively; but were early repaid in September 2018. The Group earned EUR 1.5 million from the early repayment of the bonds.

In October 2018, the Company acquired approximately CZK 2 billion (app. EUR 77.7 million) of bonds issued by related company CPI, a.s. which were early repaid in November 2018. The Group earned EUR 4.1 million from the early repayment of the bonds.

In 2018, net foreign exchange gain was driven by movement of EUR against CZK.

5.9 Income tax expense

Tax recognized in profit or loss

	12 month period ended 31 December 2018	31 December 2017
Current income tax expense	(250)	-
Adjustment for prior year	(4)	-
Total	(254)	-
Deferred income tax expense		
Temporary differences	1,926	(9,628)
Recognition of tax losses	51,396	81
Changes in income tax rate	52	-
Total	53,374	(9,547)
Income tax from continuing operations recognised in profit and loss	53,120	(9,547)
Total income tax recognised in profit or loss	53,120	(9,547)

As at 31 December 2018, the Group recognized deferred tax asset of EUR 51.4 million from previously unrecognized tax losses based on reassessment of their recoverability.

Reconciliation of effective tax rate

	12 month period ended	
	31 December 2018	31 December 2017
Profit for the period	122,019	137,279
Total income tax recognised in profit or loss	(53,120)	9,547
Profit before tax	68,899	146,826
Current income tax rate	26.01%	27.08%
Income tax expense using the domestic corporate income tax rate	(17,921)	(39,761)
Effect of tax rates in foreign jurisdictions	(2,646)	9,085
Non-deductible expense	(10,115)	(135)
Tax exempt income	63,721	12,323
Change in unrecognized deferred tax asset	20,264	9,133
Other effects	(183)	(192)
Tax expense	53,120	(9,547)

The main tax rules imposed on the Group companies

Luxembourg: The effective tax rate is 26.01% considering the combined corporate income tax rate (corporate income tax rate for companies with taxable income exceeding EUR 30,000 is 18 %), solidarity surtax of 7% on the corporate income tax rate and municipal business tax rate of 6,75%. Tax losses incurred until 2017 may be carried forward indefinitely, losses incurred as from 2017 should be limited to 17 years.

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

Germany: Business profits are subject to two taxes, corporate income tax and trade tax. Corporate income tax and solidarity surcharge add up to a total of 15.825% rate. Trade tax rate varies by location. For City of Berlin, where the business of the Group is concentrated, the rate is 14.35%. The overall tax burden on profits earned in Berlin is 30.175%. Tax losses may be carried forward indefinitely and may be fully utilized against profit up to EUR 1 million and only 60% on the excess. A direct or indirect change in the ownership 25%/50% result in partial/complete forfeiture of the tax losses carried forward.

Poland: The corporate income tax rate is 19%. Lowered rate 15% is used for so-called small taxpayers (sales revenues including VAT did not exceed EUR 1.2 million in previous year). Tax losses may be carried forward for 5 years but the loss utilization in each year is capped at 50% of the tax loss.

Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Investment property	657	665	(34,310)	(34,126)	(33,653)	(33,461)
Tax losses carried-forward	175,366	123,976	-	-	175,366	123,976
Other	4,151	9	(2)	(7)	4,149	2
Gross deferred tax assets/(liabilities)	180,174	124,650	(34,312)	(34,133)	145,862	90,517
Set-off of tax*	(153)	(1,085)	153	1,085	-	-
Net deferred tax assets/(liabilities)	180,021	123,565	(34,159)	(33,048)	145,862	90,517

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

Unrecognised deferred tax assets

	31 December 2018	31 December 2017
Investment property*	6,795	7,241
Tax losses carried-forward**	36,357	120,773

* Deferred tax asssets based on differences at initial recognition, arising from asset transactions, have not been recorded in accordance with IAS 12.

** Unrecognized deferred tax asset from tax losses carried-forward due to uncertainty of its realization.

The expiry date of unused tax losses, for which no deferred tax assets is recognized

		Expiry date			
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
At 31 December 2018	4,476	12,840	6,382	123,031	146,729
At 31 December 2017	8,526	8,979	6,887	435,738	460,131

Movement in deferred tax

2018	Balance at 1 January Adjusted*	Recognised in profit or loss	Acquired in business combinations	Disposal of subsidiaries	Translation differences	Balance at 31 December
Investment property	(33,461)	(438)	-	-	246	(33,653)
Provided loans*	1,730	2,381	-	-	-	4,111
Tax losses carried-forward	123,976	51,396	-	-	(6)	175,366
Other	2	35	-	-	1	38
Total	92,247	53,374	-	-	241	145,862
2017						
Investment property	(12,307)	(20,045)	(331)	537	(1,315)	(33,461)
Tax losses carried-forward	113,279	10,672	-	-	25	123,976
Other	142	(174)	-	-	34	2
Total	101,114	(9,547)	(331)	537	(1,256)	90,517

*The balance at 1 January 2018 includes the effect of initially applying IFRS 9, see note 2.1 for more details

6 Consolidated statement of financial position

6.1 Investment property

	Office	Industry and logistics	Land bank	Development	Total
Balance at 1 January 2017	13,115	1,222	225,453	-	239,790
Investments/acquisitions	-	-	91,392	-	91,392
Transfers	-	-	(4,389)	4,389	-
Development costs	-	-	-	1,211	1,211
Additions	440	8	2,252	-	2,700
Disposals	(21)	-	(7,424)	-	(7,445)
Valuation gain, net	1,993	96	100,963	2,397	105,449
- *valuation gain*	*2,655*	*165*	*109,073*	*2,397*	*114,290*
- *valuation loss*	*(662)*	*(69)*	*(8,110)*	-	*(8,841)*
Translation differences	829	74	16,008	365	17,276
Balance at 31 December 2017	16,356	1,400	424,255	8,362	450,373
Investments/acquisitions	-	-	-	-	-
Transfers	(11,652)	-	(1,599)	13,251	-
Development costs	-	-	-	17,716	17,716
Additions	2	36	7,596	-	7,634
Disposals	(37)	-	(702)	-	(739)
Valuation gain, net	145	456	1,391	1,234	3,226
- *valuation gain*	*145*	*456*	*7,897*	*1,796*	*10,294*
- *valuation loss*	-	-	*(6,506)*	*(562)*	*(7,068)*
Translation differences	(139)	(12)	(3,045)	(236)	(3,432)
Balance at 31 December 2018	4,675	1,880	427,896	40,327	474,778

Fair values of the investment property as at 31 December 2018 and 31 December 2017 were estimated by the external valuers.

Investments/Acquisitions

In 2017, the Group acquired investment property located in the Czech Republic in amount of EUR 91.4 million (see to note 3.2).

Development costs

Development costs in the amount of EUR 17.7 million (EUR 1.2 million in 2017) relate to the construction of the MAYHOUSE office building (EUR 6.2 million) and reconstruction of building Bubenská 1 (EUR 5.6 million), both projects are located in Prague, the Czech Republic. In 2018, was started the construction of the Nová Zbrojovka office building in Brno, the Czech Republic (EUR 5.9 million).

Additions

In 2018, there were additions to investment property of EUR 7.6 million primarily related to construction works on the project Nová Zbrojovka in Brno, the Czech Republic (EUR 5.5 million).

Disposals

In 2018, the Group sold land in Svitavy, the Czech Republic, in amount of EUR 0.7 million.

In 2017, the investment property in amount of EUR 7.4 million was disposed due to sale of the Czech subsidiary STRM Delta (refer to note 3.2).

Valuation gain

In 2017, movements in fair value are related mainly to the land banks Bubny (EUR 90.7 million) and Rezidence Pragovka (EUR 14.5 million) located in Prague, the Czech Republic.

6.2 Equity accounted investees

Investments in joint ventures

The equity accounted investment in the amount of EUR 3.8 million (EUR 4.6 million as at 31 December 2017) represents investment in Uniborc S.A. Uniborc S.A is a joint venture constituted in 2013 with Unibail Rodamco with aim to develop a shopping center in the Bubny area in Prague, the Czech Republic. The Group's shareholding is 35%.

	2018	2017
At 1 January	4,571	(2,249)
Share of profit / (loss)	(698)	6,217
Purchase of additional 15% stake	17	603
At 31 December	3,890	4,571

Condensed statement of financial position of Uniborc S.A.

	31 December 2018	31 December 2017
Non-current assets	50,564	50,328
Current assets	141	277
Cash and cash equivalents	*140*	*26*
Other current assets	*1*	*251*
Total assets	50,705	50,605
Non-current liabilities	39,342	7,656
Financial liabilities	*31,628*	*-*
Deferred tax liabilities	*7,714*	*7,656*
Current liabilities	261	29,901
Financial liabilities (excl. trade payables)	*-*	*29,793*
Other current liabilities	*261*	*108*
Total liabilities	39,603	37,557
Net assets	11,102	13,048

Condensed statement of comprehensive income of Uniborc S.A.

	12 month period ended	
	31 December 2018	31 December 2017
Operating result	(59)	(46)
Interest expenses	(1,758)	(1,631)
Loss before taxes	(1,817)	(1,677)
Income taxes	(36)	(51)
Loss after income tax	(1,853)	(1,728)

6.3 Other investments

As at 31 December 2018 the Company holds 252,302,248 shares in CPI PG, which represents app. 2.80% of the CPI PG's shareholding and is valued at EUR 125.4 million (in 2017 EUR 104.6 million).

The valuation of CPI PG shares held by the Group is based on an alternative valuation model because of not an active market. 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) 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 31 December 2018 EPRA NAV per CPI PG share as at 31 December 2018 was used. The same valuation approach was used as at 31 December 2017, when the Group used EPRA NAV per share of CPI PG as at 31 December 2017. EPRA NAV per share of CPI PG (EUR 0.49) differs from the price at the stock-exchange (EUR 0.68) as at 31 December 2018.

The change in the valuation of CPI PG shares is recognized in equity. The detail calculation of EPRA NAV per share of CPI PG is presented in the Annual management report, available at www.cpipg.com.

6.4 Loans provided

Non-current loans provided

	31 December 2018	1 January 2018 Adjusted*
Loans provided - related parties and joint ventures	2,299,363	1,193,098
Bills of exchange - third parties	-	10,881
Total non-current loans provided	2,299,363	1,203,979
Impairment to non-current loans provided to related parties	(15,544)	(6,388)
Impairment - bills of exchange – third parties	-	(7,047)
Total non-current loans provided net of impairment	2,283,819	1,190,544

* The balance at 1 January 2018 includes the effect of IFRS 9 adoption, see note 2.1 for more details. Comparative information of EUR 6.4 million was adjusted accordingly.

Current loans provided

	31 December 2018	31 December 2017
Loans provided - related parties and joint ventures	80,640	68,490
Bills of exchange – third parties	11,442	-
Total current loans provided	92,082	68,490
Impairment - bills of exchange – third parties	(7,608)	-
Total current loans provided net of impairment	84,474	68,490

Loans provided substantially increased due to new loans being provided to related parties and new drawdown of existing loans. These loans bear interest rate between 1.67% - 14.22% p.a. (based on the Group risk assessment) and mature between years 2020 - 2033. For more information, refer to note 11.

Loans provided to joint venture include loan principal and the interest granted to the company Uniborc (JV with Unibail Rodamco) in the amount of EUR 11.2 million as at 31 December 2018 (EUR 10.4 million as at 31 December 2017). The joint venture is primarily financed through an equity loan by both partners in the same proportion as their respective shareholdings. The maturity date of this loan is in 2023.

The total drawdown amount of the loans provided to related parties was EUR 3,617 million as at 31 December 2018.

Bills of exchange in the net amount of EUR 3.8 million as at 31 December 2018 (EUR 3.8 million as at 31 December 2017) relate to Radio Free Europe deferred consideration. In 2018, the bills were reclassified, based on their maturity, from non-current to current loans provided.

6.5 Trade and other non-current receivables

	31 December 2018	31 December 2017
Advances paid	12	12
Other receivables due from related parties	7,976	-
Total non-current receivables	7,988	12

As at 31 December 2018, the other receivables due from related parties relate to assignment of CPI PG's receivables which were reclassified from current trade and other receivables based on their prolonged maturity.

6.6 Deferred tax asset

The Company recognized the deferred tax asset from tax losses carried forward in total amount of EUR 175.3 million as at 31 December 2018 (EUR 123.6 million as at 31 December 2017). As these tax losses relate primarily to the Luxembourg entities, they can be carried forward for 17 years. Group's perspective of tax losses utilization is based on 10 years budget of expected taxable profits from core activity of the Company. The budgets are based on Group's management best estimates.

Recognition of the deferred tax asset is based on the future taxable profits that are expected to be generated in connection with the incorporation of the Company into the corporate structure of CPI PG. The expected profits reflect a strategy of CPI PG in which, the Group is expected to render the financial services to all the CPI PG's subsidiaries.

6.7 Inventories

	31 December 2018	31 December 2017
Projects and property for resale	7,717	6,347
Projects under development	250	1
Total inventories	7,967	6,348

Projects and property for resale in 2018 and 2017 relate primarily to development project Benice 1b in Prague, the Czech Republic.

6.8 Trade and other current receivables

	31 December 2018	31 December 2017
Trade receivables due from related parties	4,164	3,679
Trade receivables due from third parties	1,385	943
Impairment – trade receivables due from other parties	(149)	(82)
Total trade and other receivables	5,400	4,540

6.9 Cash and cash equivalents

	31 December 2018	31 December 2017
Bank balances	14,697	11,208
Cash on hand	8	22
Total cash and cash equivalents	14,705	11,230

6.10 Other financial current assets

	31 December 2018	31 December 2017
Other receivables due from related parties	1,944	8,034
Other receivables due from third parties	36	206
Impairment – other receivables due from other parties	(24)	(171)
Total other financial current assets	1,956	8,069

Decrease of other receivables in 2018 relates to assignment of CPI PG's receivables (EUR 7.9 million) which were reclassified to non-current trade and other receivables based on their prolonged maturity.

6.11 Assets/Liabilities linked to assets held for sale

As at 31 December 2018, the polish project Marki was classified as asset held for sale (EUR 0.4 million).

6.12 Equity

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

Share capital and share premium

The subscribed and fully paid-up capital of the Company of EUR 13,145 thousand is represented by 1,314,507,629 ordinary shares. 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.

The following table sets out information regarding the ownership of the Company's shares as at 31 December 2018:

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

Securities giving access to equity (warrants)

Within the authorized capital, the Board of Directors decided to issue Bonds with Warrants ("OBSAR") without preferential subscription rights:

"2012 Warrants" issued under the ISIN code LU0234878881 with the following major terms: number of outstanding 2012 Warrants: 21,161; exercise ratio: one warrant gives the right to subscribe to 1.03 share; exercise period: December 31, 2019; exercise price: EUR 7.21; listing: Euronext Paris.

"2014 Warrants" issued under the ISIN code XS0290764728 with the following major terms: number of outstanding 2014 Warrants: 2,871,021; exercise ratio: one warrant gives the right to subscribe to 1.73 share; exercise period: December 31, 2019; exercise price: EUR 11.20; listing: Euronext Brussels and Paris.

Under the Securities Note and Summary dated March 22, 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 March 22, 2007) could result in a liability for the Company due to "Change of Control Compensation Amount" of up to EUR 23,685,923.25. According to the Securities Note and Summary each 2014 Warrant would need to be repurchased by the Company at a price of EUR 8.25/ 2014 Warrant in the event of a Change of Control. This price per 2014 Warrant decreases as time goes by. Change of Control is defined as "the acquisition or control of more than 50 per cent of the voting rights of that entity or (b) the right to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise. The Change of Control Compensation Amount with respect to 2014 Warrants has been admitted in the Company's Safeguard plan in the amount of EUR 707,826.24. The Company holds 1,361,679 2014 Warrants (In 2017: 1,361,679).

Mandatory takeover bid over Company 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 became obliged to launch a mandatory takeover bid to purchase any and all of the ordinary shares of the Company (the "Mandatory Takeover Offer"). 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 8 December 2017, the CSSF published press releases in which it stated, inter alia, that it has decided not to approve the offer document in the Mandatory Takeover Offer as a consequence of the existence of an undisclosed concert action with respect to the Company. On 15 March 2018, the CSSF published a press release informing that the decisions detailed in the above-mentioned CSSF press releases of 8 December 2017 have been challenged before the Luxembourg administrative courts.

As of the date of this report, the Company has not received any formal decision in relation to the Mandatory Takeover Offer.

Earnings per share

	31 December 2018	31 December 2017
At the beginning of the period	1,314,507,629	1,314,507,629
Shares issued	1,314,507,629	1,314,507,629
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	1,314,507,629	1,314,507,629
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	1,314,507,629	1,314,507,629
Net profit attributable to the Equity holders of the Company	123,511	137,586
Net profit attributable to the Equity holders of the Company after assumed conversions/exercises	123,511	137,586
Total Basic earnings in EUR per share	0.09	0.10
Diluted earnings in EUR per share	0.09	0.10

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.

The warrants issued by the Company were not taken into account in the diluted EPS calculation.

6.13 Financial debts

	31 December 2018	31 December 2017
Loans from related parties	2,091,439	1,113,574
Loans from third parties	-	27
Finance lease liabilities	258	283
Total non-current financial debts	2,091,697	1,113,884
Loans from related parties	87,835	54,562
Finance lease liabilities	18	19
Total current financial debts	87,853	54,581

Compared to 31 December 2017, there was significant increase in loan principal received from CPI Property Group S.A. as at 31 December 2018. Balance of the loan was EUR 1,924.2 million as at 31 December 2018 (EUR 464.5 million as at 31 December 2017). The loan bears interest rate between 1.14% - 4.95% p.a. On the other hand, the principal of the loan received from Czech Property Investments, a.s. of EUR 543.0 million was repaid in 2018.

For details on loans received from related parties, refer to note 11.

Reconciliation of movements of liabilities to cash flows arising from financing activities

As at 31 December 2018

	Financial debts and bonds issued		Equity				
	Loans and borrowings	Finance lease liabilities	Share capital/ premium	Reserves	Retained earnings	NCI	Total
Balance at 1 January 2018	1,168,163	302	797,815	25,027	(257,154)	62,683	1,796,836
Changes from financing cash flows							
Disposal of non-controlling interests under common control	-	-	-	-	-	23,272	23,272
Interest paid	(67,877)	-	-	-	-	-	(67,877)
Drawings of loans and borrowings	1,539,441	-	-	-	-	-	1,539,441
Repayments of loans and borrowings	(491,315)	-	-	-	-	-	(491,315)
Repayments finance lease liabilities	-	(25)	-	-	-	-	(25)
Total changes from financing cash flows	980,249	(25)	-	-	-	23,272	1,003,496
The effect of changes in foreign exchange rates	(29,903)	-	-	(2,936)	-	-	(32,839)
Other changes							
Interest expense	60,765	(1)	-	-	-	-	60,764
Total liability-related other changes	60,765	(1)	-	-	-	-	60,764
Total equity-related other changes	-	-	-	-	139,661	80,498	220,159
Balance at 31 December 2018	2,179,274	276	797,815	22,091	(117,493)	166,453	3,048,416

As at 31 December 2017

	Financial debts and bonds issued			Derivatives (assets)/liabilities held to hedge long-term borrowings		Equity				
	Loans and borrowings	Finance lease liabilities	Bonds issued	Derivative instruments - assets	Derivative instruments - liabilities	Share capital/ premium	Reserves	Retained earnings	NCI	Total
Balance at 1 January 2017	149,066	-	12,624	(38,732)	7	797,815	10,178	(395,195)	475	536,238
Changes from financing cash flows										
Disposal of non-controlling interests under common control	-	-	-	-	-	-	-	-	21,739	21,739
Repayment of bonds issued	-	-	(13,489)	-	-	-	-	-	-	(13,489)
Interest paid	(424)	-	(944)	-	-	-	-	-	-	(1,368)
Drawings of loans and borrowings	971,261	-	-	-	-	-	-	-	-	971,261
Repayments of loans and borrowings	(17,057)	-	-	-	(7)	-	-	-	-	(17,064)
New finance lease liabilities	-	283	-	-	-	-	-	-	-	283
Total changes from financing cash flows	953,780	283	(14,433)	-	(7)	-	-	-	21,739	961,362
Changes arising from obtaining or losing control of subsidiaries or other businesses	(144)	-	-	-	-	-	-	(2,876)	40,776	37,756
The effect of changes in foreign exchange rates	30,479	-	-	-	-	-	14,849	-	-	45,329
Changes in fair value	-	-	-	(11,328)	-	-	-	-	-	(11,328)
Other changes										
Interest expense	27,130	19	1,148	-	-	-	-	-	-	28,297
Transfer to Available-for-sale financial assets	-	-	-	50,060	-	-	-	-	-	50,060
Assignment of loan	7,852	-	-	-	-	-	-	-	-	7,852
Other changes on bonds	-	-	661	-	-	-	-	-	-	661
Total liability-related other changes	34,982	19	1,809	50,060	-	-	-	-	-	86,870
Total equity-related other changes	-	-	-	-	-	-	-	140,917	(307)	140,610
Balance at 31 December 2017	1,168,163	302	-	-	-	797,815	25,027	(257,154)	62,683	1,796,836

6.14 Provisions

	2018	2017
Balance at 1 January	1,559	1,712
Provisions created in the period	27	310
Provisions used in the period	-	(112)
Transfer	-	(444)
Effect of movements in exchange rates	(12)	93
Balance at 31 December	1,574	1,559

6.15 Trade payables

	31 December 2018	31 December 2017
Trade payables due to related parties	8,128	341
Trade payables due to third parties	10,813	2,382
Total trade payables	18,941	2,723

Trade payables due to related parties increased due to management services (EUR 6.7 million).

6.16 Other financial current liabilities

	31 December 2018	31 December 2017
Advances received from related parties	-	84,000
Advances received from third parties	406	412
Tenant deposits	54	93
Deferred income/revenue	583	20
Other payables due to related parties	82,628	55,929
Other	65	69
Total other financial current liabilities	83,736	140,523

Decrease of advances received from related parties by EUR 84.0 million in 2018 is due to the use of an advance on the sale of 80% stake of Bubny Development to GSG Europa Beteiligungs GmbH (EUR 84.0 million).

Other payables due to related parties mainly increased in 2018 due to the assignment of receivables to the Group (EUR 25 million).

6.17 Other non-financial current liabilities

	31 December 2018	31 December 2017 Adjusted*
Value added tax payables	2,285	2,297
Other tax payables (excl. CIT and VAT)	-	8
Payables due to employees, SHI, employees income tax	26	19
Provisions	1,233	1,236
Total other non-financial current liabilities	3,544	3,560

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.4.

6.18 Financial debts' maturity

The table below represents the carrying value of the debts allocated by date of repayment:

At 31 December 2018	Less than one year	1 to 5 years	More than 5 years	Total
Loans from related parties	87,835	1,920,004	171,435	2,179,274
Loans from third parties	-	-	-	-
Finance lease liabilities	18	60	198	276
Financial debts	87,853	1,920,064	171,633	2,179,550

At 31 December 2017	Less than one year	1 to 5 years	More than 5 years	Total
Loans from related parties	54,562	-	1,113,574	1,168,136
Loans from third parties	-	27	-	27
Finance lease liabilities	19	66	217	302
Financial debts	54,581	93	1,113,791	1,168,465

7 Financial risk management

Exposure to various risks arises in the normal course of the Group's business. Financial risk comprises:

- credit risk (refer to note 7.1);
- liquidity risk (refer to note 7.2);
- market risk including currency risk, interest rate risk and price risk (refer to note 7.3).

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. Supervision of the Group's risk is accomplished through discussions held by executive management in appropriate frameworks together with reporting and discussions with the Board of Directors.

7.1 Credit risk

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

Rental contracts are made with customers with an appropriate credit history. Credit risk is managed by local management and by Group management.

The Group evaluates the concentration of risk with respect to loans provided as low, as the debtors are primarily entities controlled by the ultimate shareholder of the Company and none of the loans provided to a single debtor exceeds the 10% of the total outstanding balance of loans provided as at 31 December 2018 and 2017 respectively.

As at 31 December 2018 and 31 December 2017 respectively, the maximum exposure to credit risk of the Group's receivables was as follows:

31 December 2018	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Other investments	125,406	-	-	125,406
Loans provided	2,360,060	8,233	(48,015)	2,368,293
- loans	2,356,226	8,233	(40,407)	2,364,459
- bills of Exchange	3,834	-	(7,608)	3,834
Trade and other receivables	12,655	4,067	(275)	16,722
Cash and cash equivalents	14,705	-	-	14,705
Total	2,512,826	12,300	(48,290)	2,525,126

31 December 2017	Total neither past due nor impaired	Total past due but not impaired	Impaired	Total
Other investments	104,613	-	-	104,613
Loans provided	1,265,145	277	(30,651)	1,265,422
- loans	1,261,311	277	(23,625)	1,261,588
- bills of exchange	3,834	-	(7,047)	3,834
Trade and other receivables	10,917	2,552	(253)	13,469
Cash and cash equivalents	11,230	-	-	11,230
Total	1,391,905	2,829	(30,904)	1,394,734

As at 31 December 2018, the created impairment on loans relates to loans provided by the Group to third parties due to the uncertain recoverability of these loans. Impairment of bills of exchange is attributable to a bill of exchange issued by Hagibor Office Building, which recoverability is doubtful in connection with the ongoing lawsuit (refer to note 9).

Breakdown of overdue financial assets which are not impaired

31 December 2018	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	-	4,364	599	430	2,840	8,233
Trade and other receivables	97	111	8	43	3,808	4,067
Total	97	4,475	607	473	6,648	12,300

31 December 2017	Past due 1-30 days	Past due 31-90 days	Past due 91-180 days	Past due 181-360 days	Past due more than 360 days	Total
Loans provided	-	-	-	277	-	277
Trade and other receivables	50	55	53	46	2,348	2,552
Total	50	55	53	323	2,348	2,829

Cash and cash equivalents, neither past due nor impaired (Moody's ratings of respective counterparties):

	31 December 2018	31 December 2017
A1	232	-
A2	102	99
A3	14	7
Ba2	136	-
Baa1	-	375
Baa3	-	43
Not rated	14,213	10,684
Total cash and cash equivalents	14,697	11,208

7.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the inherent nature of its assets, the Group is subject to a liquidity risk.

The liquidity risk is the risk that the Group might encounter difficulties raising liquid funds to meet commitments as they fall due. The Group management monitors the Group's liquidity risk on the basis of expected cash flows and by managing its development agenda and portfolio of investment properties.

As the amounts disclosed in the table are the contractual undiscounted cash flows, these amounts will not necessarily reconcile to the amounts disclosed on the consolidated statement of financial position for borrowings, derivative instruments and other payables considered as financial instruments.

Liquidity risk analysis

The following table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments including accrued interest. The table reflects the earliest settlement of Group's liabilities based on contractual maturity and includes non-derivative as well as derivative financial liabilities.

At 31 December 2018	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Financial debts	2,179,550	64,432	81,892	91,624	2,053,960	203,121	2,495,029
- loans from related parties	2,179,274	64,414	81,892	91,607	2,053,917	202,923	2,494,753
- loans from third parties	-	-	-	-	-	-	-
- finance lease liabilities	276	18	-	17	43	198	276
Other non-current liabilities	2,356	5	44	1,688	198	421	2,356
Other current liabilities*	105,129	84,609	19,089	399	798	234	105,129
Total**	2,287,035	149,046	101,025	93,711	2,054,956	203,776	2,602,514

*Other current liabilities include current trade payables, other financial current liabilities, other non-financial current liabilities and current income tax liabilities.
** Provisions are not included.

At 31 December 2017	Carrying value	< 3 month	3-12 months	1-2 years	2-5 years	> 5 year	Total
Financial debts	1,168,465	41,019	67,494	52,376	157,035	1,401,466	1,719,390
- loans from related parties	1,168,136	41,014	67,480	52,329	156,988	1,401,248	1,719,059
- loans from third parties	27	-	-	29	-	-	29
- finance lease liabilities	302	5	14	18	47	218	302
Other non-current liabilities	1,991	-	-	1,732	99	160	1,991
Other current liabilities*	145,633	92,879	52,754	-	-	-	145,633
Total**	1,316,089	133,898	120,248	54,108	157,134	1,401,626	1,867,014

*Other current liabilities include current trade payables, other financial current liabilities, other non-financial current liabilities and current income tax liabilities.
** Provisions are not included.

7.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect the Group's income or the value of its holdings of financial instruments or could cause future cash flows related to financial instruments to fluctuate.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group's market risk mainly arises from open positions in (a) foreign currencies and (b) loans provided and financial debts, to the extent that these are exposed to general and specific market movements.

Market risk exposures are measured using sensitivity analysis.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (see note 2.2(b)).

The Group is exposed to currency risk mainly on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the CZK, but also others (see note 2.2(b)).

Functional currency of most of the Group's companies is the CZK and a significant portion of revenues and costs are realised in the CZK.

Sensitivity analysis – exposure to currency risk

The table below shows the material balances held in foreign currencies that are deemed subject to currency risk and presents sensitivities of profit or loss to reasonably possible changes in foreign currency rates with all other variables held constant.

A 10% change in the foreign currency rate of foreign currencies would have the below effect to profit/(loss) or equity of the Group providing all other variables remaining constant:

31 December 2018	Original currency	In TEUR	Change in TEUR (functional currency depreciated by 10%)	Change in TEUR (functional currency appreciated by 10%)
Cash and cash equivalents	TEUR	71	7	(7)
	TCZK	9,858	986	(986)
	TUSD	2	-	-
	THUF	436	44	(44)
Trade and other receivables	TEUR	46	5	(5)
	TCZK	10,065	1,006	(1,006)
	TUSD	634	63	(63)
Loans provided	TCZK	1,691,766	169,176	(169,176)
	TUSD	3,834	383	(383)
	TPLN	66	7	(7)
Trade and other payables	TCZK	(18,164)	(1,816)	1,816
	TUSD	(1,377)	(137)	137
Financial debts	TCZK	(63,454)	(6,345)	6,345
	TCHF	(56,711)	(5,671)	5,671
Net exposure to currency risk	TEUR	117	12	(12)
Net exposure to currency risk	TCZK	1,630,071	163,007	(163,007)
Net exposure to currency risk	TPLN	66	7	(7)
Net exposure to currency risk	TUSD	3,093	309	(309)
Net exposure to currency risk	THUF	436	44	(44)
Net exposure to currency risk	TCHF	(56,711)	(5,671)	5,671
Impact on profit/(loss)	TEUR		157,708	(157,708)

31 December 2017	Original currency	In TEUR	Change in TEUR (functional currency depreciated by 10%)	Change in TEUR (functional currency appreciated by 10%)
Cash and cash equivalents	TEUR	21	2	(2)
	TCZK	1,619	162	(162)
	TPLN	101	10	(10)
	TUSD	11	1	(1)
	THRK	1	-	-
Trade and other receivables	TCZK	8,105	810	(810)
Loans provided	TCZK	848,614	84,861	(84,861)
	TUSD	3,834	383	(383)
Trade and other payables	TCZK	(18,673)	(1,867)	1,867
	TUSD	(15)	(2)	2
Financial debts	TCZK	(594,852)	(59,485)	59,485
Net exposure to currency risk	TEUR	21	2	(2)
Net exposure to currency risk	TCZK	244,813	24,481	(24,481)
Net exposure to currency risk	TPLN	101	10	(10)
Net exposure to currency risk	TUSD	3,830	382	(382)
Net exposure to currency risk	THRK	1	-	-
Impact on profit/(loss)	TEUR		24,875	(24,875)

Interest rate risk

At the reporting date the interest rate profile of the Group’s interest-bearing financial instruments are described under notes 6.4 for financial assets and under notes 6.13 financial liabilities respectively.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group’s interest rate risk is monitored by the Group’s management on a monthly basis. The interest rate risk policy is approved quarterly by the Board of Directors. Management analyses the Group’s interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources.

Loans provided by the Group require instalments to be paid by the borrower according to a payment schedule, based on a fixed interest rate. The interest rates charged by the Group are usually based on Group‘s borrowing interest rates.

Trade receivables and payables (other than tenant deposits) are interest-free and have settlement dates within one year.

As at 31 December 2018 and 2017, the Group recognized financial liabilities with fixed interest rates only.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as other investments.

The Group is exposed to equity risks related to investments in shares of CPI PG, which are classified as other investments.

Other components of equity would increase/decrease by EUR 6.3 million (EUR 5.2 million in 2017) as a result of 5% increase/decrease of EPRA NAV per share of CPI PG.

Other risks

The Group is also exposed to property price risk but it does not pursue any speculative policy.

7.4 Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There is no real seasonality impact on its financial position but rather a volatility of financial markets might positively or negatively influence Group’s consolidated financial position.

No changes were made in the objectives, policies or processes during the year ended 31 December 2018.

The Group monitors capital on the basis of the gearing ratio.

Gearing ratio

This ratio is calculated as total debt divided by total equity. Debt is defined as all non-current and current liabilities. Equity includes all capital and reserves as shown in the consolidated statement of financial position.

	31 December 2018	31 December 2017
Debt	2,324,002	1,351,932
Equity	868,866	628,371
Gearing ratio in %	267.48%	215.15%

7.5 Fair value measurement

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 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.

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.

In 2018 and 2017 there were no transfers between levels.

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.

31 December 2018	Carrying amount				Fair value
FINANCIAL ASSETS	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 3*
CPI Property Group shares (**)	125,392	-	-	125,392	125,392
Financial assets measured at fair value - non-current	125,392	-	-	125,392	
Loans provided	-	2,272,793	-	2,272,793	2,272,793
Loans provided to joint venture	-	11,026	-	11,026	11,026
Trade and other receivables	-	7,988	-	7,988	-
Other investments	14	-	-	14	14
Financial assets not measured at fair value - non-current	14	2,291,807	-	2,291,821	
Trade and other receivables	-	5,400	-	5,400	-
Radio Free Europe deferred consideration	-	3,834	-	3,834	4,036
Loans provided	-	80,640	-	80,640	80,640
Other current financial assets	-	1,956	-	1,956	-
Cash and cash equivalent	-	14,705	-	14,705	-
Financial assets not measured at fair value - current	-	106,535	-	106,535	
FINANCIAL LIABILITIES					
Financial debt (other borrowings)	-	-	2,091,697	2,091,697	2,091,697
Long term liabilities	-	-	2,356	2,356	2,356
Financial liabilities not measured at fair value - non-current	-	-	2,094,053	2,094,053	
Financial debt (other borrowings)	-	-	87,853	87,853	87,853
Trade payables	-	-	18,941	18,941	-
Other financial current liabilities	-	-	83,736	83,736	-
Financial liabilities not measured at fair value - current	-	-	190,530	190,530	

* The fair values of the financial assets and financial liabilities included in the level 3 category have been determined in accordance with generally accepted pricing models based on the discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties, with exception of loans provided to/ received from entities controlled by the majority shareholder of the Company, which do not represent any credit risk from the Group´s perspective.

** For the valuation as at 31 December 2018 the shares are valued using EPRA NAV per share of CPI PG as at 31 December 2018 (refer to note 6.3).

31 December 2017	Carrying amount				Fair value
FINANCIAL ASSETS	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 3*
CPI Property Group shares (**)	104,599	-	-	104,599	104,599
Financial assets measured at fair value - non-current	104,599	-	-	104,599	
Loans provided	-	1,193,098	-	1,193,098	1,193,098
Radio Free Europe deferred consideration	-	3,834	-	3,834	3,871
Trade and other receivables	-	12	-	12	-
Other investments	14	-	-	14	14
Financial assets not measured at fair value - non-current	14	1,196,944	-	1,196,958	
Trade and other receivables	-	4,540	-	4,540	-
Loans provided to joint venture	-	10,428	-	10,428	10,428
Loans provided	-	58,062	-	58,062	58,062
Other current financial assets	-	8,069	-	8,069	-
Cash and cash equivalent	-	11,230	-	11,230	-
Financial assets not measured at fair value - current	-	92,329	-	92,329	
FINANCIAL LIABILITIES					
Financial debt (other borrowings)	-	-	1,113,884	1,113,884	1,113,884
Long term liabilities	-	-	1,991	1,991	1,991
Financial liabilities not measured at fair value - non-current	-	-	1,115,875	1,115,875	
Financial debt (other borrowings)	-	-	54,581	54,581	54,581
Trade payables	-	-	2,723	2,723	-
Other financial current liabilities	-	-	140,523	140,523	-
Financial liabilities not measured at fair value - current	-	-	197,827	197,827	

* The fair values of the financial assets and financial liabilities included in the level 3 category have been determined in accordance with generally accepted pricing models based on the discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties, with exception of loans provided to/ received from entities controlled by the majority shareholder of the Company, which do not represent any credit risk from the Group´s perspective.
** For the valuation as at 31 December 2017 the shares are valued using EPRA NAV per share of CPI PG as at 31 December 2017 (refer to note 6.3).

Fair value measurement of investment property

The Group's investment properties were valued at 31 December 2018 in accordance with 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.

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 valued as at 31 December 2018 and as at 31 December 2017.

Class of property – Office	Fair Value 2018 MEUR	Fair Value 2017 MEUR	Valuation technique	Key unobservable inputs	Range (weighted avg) 2018	Range (weighted avg) 2017
Complementary Assets Portfolio - Office Level 3	5	5	DCF	ERV per sqm NRI per sqm Discount Rate Exit Yield Vacancy rate	€226 €199 7.3% 6.8% 0%	€214 €240 7.5% 7.3% 0%

Class of property – Industry & Logistics	Fair Value 2018 MEUR	Fair Value 2017 MEUR	Valuation technique	Key unobservable inputs	Range (weighted avg) 2018	Range (weighted avg) 2017
Czech Republic – Industry & Logistic Level 3	2	1	Income capitalisation	ERV per sqm NRI per sqm Equivalent yield Vacancy rate	€27 €13 10.5% 25.5%	€24 €20 10.7% 10.1%

Class of property – Landbank & Development	Fair Value 2018 MEUR	Fair Value 2017 MEUR	Valuation technique	Key unobservable inputs	Range (weighted avg) 2018	Range (weighted avg) 2017
Czech Republic – Landbank Level 3	143	159	Comparable	Fair value per sqm	€1-€2,554 (€96)	€3-€2,789 (€98)
Czech Republic Prague – Landbank Level 3	130	115	Comparable	Fair value per sqm	€8-€3,280 (€542)	€8-€3,293 (€587)
Czech Republic – Landbank Level 3	5	-	Development Appraisal	Gross development value Development margin	€2,042 25.0%	 -
Czech Republic – Development Level 3	40	20	Development Appraisal	Total EMRV Gross development value Development margin	€133-€170 (€160) €1,835-€3,074 (€2,655) 7.5%-15.0% (11.3%)	€152-€165 (€160) €2,499-€2,837 (€2,640) 15.0%-20.0% (17.9%)

Class of property – Landbank Bubny	Fair Value 2018 MEUR	Fair Value 2017 MEUR	Valuation technique	Key unobservable inputs	Range (weighted avg) 2018	Range (weighted avg) 2017
Czech Republic – Landbank Bubny Level 3	150	150	Comparable	Fair value per sqm	€745	€742
Complementary Assets Portfolio - Assets Held for Sale Level 3	0.4	0.4				

The amounts of classes of property as at 31 December 2018 in the table above is not fully comparable to the amounts as at 31 December 2017, primarily due to changes of valuation methods and changes in classification of assets due to their change of use.

Land bank - Bubny

Bubny is a land bank with a size over 202 thousand square meters and is located near the Prague's city center. The majority of the site is currently not used. As at 31 December 2018 and 2017, a valuation of the land bank was conducted by external valuation expert Jones Lang La Salle ("JLL"). Fair Value of Bubny Site was determined by JLL using the comparable method. This Method was based on 9 (8 in 2017) recently executed land site transactions in Prague.

Appraisal for Bubny prepared by JLL as at 31 December 2018

Fair Value of Bubny Site was determined by JLL using the comparable method. This Method was based on 9 recently executed land site transactions in Prague, included in below table:

	Comparative								
	1	2	3	4	5	6	7	8	9
Zoning plan	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use	Mixed use
Size (sqm) – approx.	40 000	130 000	10 000	10 000	10 000	60 000	80 000	50 000	20 000
Transacted price per sqm (EUR) – approx.	500	400	800	900	500	700	400	500	600

The fair value was determined by estimating the fair value per 1 square meter based on comparative land site transaction prices, adjusted for differences between comparative land sites and Bubny site.

The adjustments provided for the following characteristics:

Adjustment	Range used by JLL	Description
Microlocation	Multiple 0.7 - 1.35	Vicinity to the city center, attractiveness of the area, public amenities.
Access	Multiple 1 - 1.15	Vehicular and pedestrian access to the property
Public transportation	Multiple 0.95 - 1.15	Metro, trams and bus stops in the vicinity
Size	Multiple 0.9 - 1	Size of land plots
Existence of Structures	Multiple 1 - 1.15	Old structures being present on the site, with potential historical protection.
Market improvement	Multiple 1.05 - 1.2	Improvement of the market since the transaction, adjustment used for optimizing dates of transactions to the date of valuation
Flooding area	Multiple 1 - 1.2	Risk of floods based on flood map issued by the Association of Insurance Companies
Liquidity of apartments	Multiple 0.9 - 1.15	Demand for flats in the location
Planning procedure	Multiple 0.9 – 1.1	Status of development (temporarily construction, ban, planning/zoning permit etc...)

Sensitivity analysis of Bubny site

As the Bubny site was valued by comparable method, the sensitivity analysis was prepared for 2 key adjustments: micro location & size. For Micro location JLL used the largest range of multiples, indicating high level of judgement included in the adjustment estimate. Size adjustment is selected for sensitivity analysis because of the significance of differences in size between Bubny and comparative land sites.

		Multiple Microlocation		
Multiple Size	MEUR	0.95	1.00	1.05
	0.95	138	144	150
	1.00	144	150	156
	1.05	150	156	162

Triggering and expecting events for further development of the substantial land bank Bubny

Municipal elections were held in Prague in October 2018. The new Prague leaders are to select land plots for development of apartment buildings as the current supply is lacking. New Prague coalition included Bubny (together with Žižkov freight railway station and Smíchov railway station) in the statement as it aims to significantly speed up residential development through removing construction bans for these territories. In 2019, the coalition is expected to publish a new study for Bubny area. The study will represent a basis for a change in the zoning plan which is expected to focus on the future growth of real estate in Prague through development inside the city rather than by growth outside the city's existing borders. In 2018, Pelčák a partner architekti, s.r.o. won a tender for the study.

The requirements for content of the territorial study (relevant for Bubny site's location) are:

- To create a new centre for the city ward Prague 7 with a city-wide significance, with significant public buildings and a system of hierarchically arranged public spaces.

- To combine the surroundings of the quarter Holešovice and Letná into oneurban planning whole of a similar nature, structure, scope, height level andintensity of development, with thorough linkage of existing network of streets.

Once the change in the zoning plan becomes legally binding, the construction ban is expected to be removed. According to Institute for Urban Planning, the construction ban could be removed within following two years. These plans contribute to increasing public pressure on the authorities to allow development in Prague, particularly in the brownfield development areas.

Other land banks

The other land banks valued by the comparable method with a total fair value of EUR 273 million as at 31 December 2018 and EUR 274 million as at 31 December 2017and a size of approximately 17 million sqm.

As these land banks differ significantly in various parameters (such as current zoning, location & micro-location, existence of structures, access etc.) no further disaggregation was performed.

The sensitivity analysis for assets where the fair value was determined by comparative method was not prepared, as the potential change in inputs (such as change of multiples etc.) will result in equal or direct change in outputs.

Sensitivity analysis on changes in assumptions of property valuation

The Group has performed a sensitivity analysis on changes in assumptions of property valuation.

The significant unobservable inputs used in fair value measurement categorized within level 3 of the fair value hierarchy of the Group portfolio are:

- equivalent yield;
- estimated rental value (ERV) for rental asset;
- development margin/profit for development.

Change of the valuation rates would result in the following fair values – analysis of the portfolio of assets valued by discounted cash flow, income capitalization method and development appraisal:

31 December 2018

Czech Republic

Development	MEUR
Developer's Profit (5.00%)	45.87
Developer's Profit (2.50%)	43.18
Developer's Profit -	40.50
Developer's Profit 2.50%	38.13
Developer's Profit 5.00%	35.68

	Industrial		Yield	
	MEUR	(0.25%)	-	0.25%
ERV	(5.00%)	1.79	1.78	1.78
	-	1.88	1.88	1.87
	5.00%	1.98	1.97	1.96

Landbank as a development	MEUR
Developer's Profit (5.00%)	6.01
Developer's Profit (2.50%)	5.60
Developer's Profit -	5.20
Developer's Profit 2.50%	4.81
Developer's Profit 5.00%	4.44

Poland

	Office		Discount rate	
	MEUR	(0.25%)	-	0.25%
ERV	(5.00%)	4.60	4.50	4.30
	-	4.90	4.70	4.50
	5.00%	5.10	4.90	4.80

31 December 2017

Czech Republic

Development	MEUR
Developer's Profit 25.00%	9.70
Developer's Profit 22.50%	10.60
Developer's Profit 20.00%	11.60
Developer's Profit 17.50%	12.70
Developer's Profit 15.00%	13.70

	Industrial		Yield	
	MEUR	(0.25%)	-	0.25%
ERV	(5.00%)	1.32	1.32	1.31
	-	1.40	1.40	1.39
	5.00%	1.48	1.47	1.47

Development	MEUR
Developer's Profit 10.00%	9.05
Developer's Profit 12.50%	8.63
Developer's Profit 15.00%	8.22
Developer's Profit 17.50%	7.84
Developer's Profit 20.00%	7.47

Poland

	Office		Discount rate	
	MEUR	(0.25%)	-	0.25%
ERV	(5.00%)	4.64	4.48	4.34
	-	4.87	4.70	4.55
	5.00%	5.10	4.92	4.76

8 Contingencies

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-Gesellschaft (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-Gesellschaft.

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

Kingstown dispute

In January 2015 the Company was served with a summons by Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II LP of Delaware, Ktown LP of Delaware (collectively referred to as “Kingstown”), claiming to be former shareholders of the Company. The action was filed with the “*Tribunal d´Arrondissement de et a Luxembourg*“ (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 14.5 million and compensation for moral damage in the amount of EUR 5 million. 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 EUR 90 thousand to the “*Caisse de Consignation*” in Luxembourg. Kingstown paid the deposit in January 2017 and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisors filed additional submission to increase the amount of alleged damages claimed to EUR 157 million. The Company continues to believe the claim is without merit and intends to vigorously contest it. Hearings on the admissibility of the claim are expected to take place second quarter of 2019.

Hagibor Office Building dispute

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 Company in 2012. The Company is of the opinion that the lawsuit has no merit 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 favor of the financing bank. A hearing on the matter of the non-existence of pledges took place in November 2018. After the lawsuit was dismissed, OPG filed a new claim in the matter of non-existence of pledges.

Disputes related to warrants issued by the Company

The Company was sued by holders of the warrants holders of 2014 Warrants registered under ISIN code XS0290764728 (the “2014 Warrants“). The first group of the holders of the Warrants sued the Company for approximately EUR 1.2 million in relation to the Change of Control Notice published by the Company, 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. The second holder of the 2014 Warrants sued the Company for approximately EUR 1 million in relation to the alleged change of control which allegedly occurred in 2013.

The Company will defend itself against these lawsuits and reminds that in accordance with the judgement of the Paris Commercial 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 best of Company’s knowledge, none of the holders of the 2014 Warrants who sued the Company filed their claims 2014 Warrants-related claims in the Company’s Safeguard Plan.

10 Capital and other commitments

Capital and other commitments

The Group has capital commitments of EUR 48.3 million in respect of capital expenditures contracted as at 31 December 2018 (EUR 12 million as at 31 December 2017).

11 Related party transactions

Transactions with key management personnel

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 year 2018 was EUR 0.3 million (EUR 0.1 million for the year 2017).

The Board and Committees attendance compensation for 2018 was EUR 36,000 (EUR 36,000 for 2017). 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.

Termination and change of control clauses

As at 31 December 2018, 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.

Loans and advances to key management personnel, and other transactions

To ensure the liquidity, the Company and Mr. Radovan Vítek entered 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, majority 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 PG for an aggregate consideration of EUR 34.59 million.

In August 2018, the Company acquired approximately CZK 2 billion (app. EUR 77.7 million) of bonds issued by related company CPI BYTY, a.s. The bonds were due in May 2019 and 2021 respectively; but were early repaid in September 2018.

In October 2018, the Company acquired approximately CZK 2 billion (app. EUR 77.7 million) of bonds issued by related company CPI, a.s. which were early repaid in November 2018.

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

Non-current loans provided

	31 December 2018	31 December 2017
Airport City Kft.	13,974	9,049
Airport City Phase B Kft.	2,168	1,444
Andrássy Hotel Zrt.	5,000	3,737
Andrássy Real Kft.	11,099	1,019
Arena Corner Kft.	37,873	16,878
Balvinder, a.s.	4,875	5,991
Baudry Beta, a.s.	11,297	13,116
Baudry, a.s.	13,486	3,979
BAYTON Alfa, a.s.	14,526	5,276
BAYTON ONE, s.r.o.	50,568	-
BC 99 Office Park Kft.	13,500	-
Beroun Property Development, a.s.	9,633	11,473
Best Properties South, a.s.	67,403	12,433
Brandýs Logistic, a.s.	15,962	18,543
Brno Property Development, a.s.	1,229	1,439
Březiněves, a.s.	8,224	10,160
Budaörs Office Park Kft.	-	5,767
Buy-Way Dunakeszi Kft.	7,266	-
Buy-Way Soroksár Kft.	2,011	-
Byty Lehovec, s.r.o.	4	-
CAMPONA Shopping Center Kft.	66,074	19,866

	31 December 2018	31 December 2017
Carpenter Invest, a.s.	1,977	1,952
CB Property Development, a.s.	-	42,698
Conradian, a.s.	5,217	5,316
CPI - Orlová, a.s.	1,075	1,210
CPI - Real Estate, a.s.	3,116	1,150
CPI - Štupartská, a.s.	5,759	6,166
CPI Alfa, a.s.	9,562	12,481
CPI Beet, a.s.	150	-
CPI Blatiny, s.r.o.	3,331	1,730
CPI BYTY, a.s.	121,376	-
CPI Delta, a.s.	721	3,294
CPI East, s.r.o.	133,082	40,848
CPI Hotels Properties, a.s.	395	1,559
CPI IMMO, S.a.r.l.	3,797	3,514
CPI Jihlava Shopping, a.s.	10,281	12,099
CPI Kappa, s.r.o.	1,492	1,527
CPI Lambda, a.s.	20	-
CPI Meteor Centre, s.r.o.	17,128	18,409
CPI Národní, s.r.o.	-	110,000
CPI Office Prague, s.r.o.	96,185	-
CPI Palmovka Office, s.r.o.	19	-
CPI Park Mlýnec, a.s.	-	9
CPI Property a Facility, s.r.o.	329	-
CPI PROPERTY GROUP S.A.	53,363	10,906
CPI Reality, a.s.	38,068	1,113
CPI Retail MB s.r.o.	8,933	9,699
CPI Retail One Kft.	9,480	9,000
CPI Retail Portfolio Holding Kft.	19,514	12,325
CPI Retail Portfolio I, a.s.	8,011	-
CPI Retail Portfolio II, a.s.	4,953	-
CPI Retail Portfolio IV, s.r.o.	6,810	-
CPI Retail Portfolio V, s.r.o.	4,724	1,487
CPI Retail Portfolio VI, s.r.o.	2,083	-
CPI Retail Portfolio VIII s.r.o.	4,373	4,407
CPI Retails ONE, a.s.	10,180	1,851
CPI Retails ROSA s.r.o.	4,491	2,245
CPI Retails THREE, a.s.	32,927	9,459
CPI Retails TWO, a.s.	9,046	749
CPI Shopping MB, a.s.	33,135	12,172
CPI Shopping Teplice, a.s.	42,453	41,353
CPI Vestec, s.r.o.	6,921	-
Czech Property Investments, a.s.	328,609	18,916
Čadca Property Development, s.r.o.	1,334	1,398
Čáslav Investments, a.s.	2,260	2,787
Český Těšín Property Development, a.s.	-	4,784
Dienzenhoferovy sady 5, s.r.o.	7,318	6,963
EMH North, s.r.o.	-	31,246
EMH South, s.r.o.	10,503	4,638
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	15,346	-
Europeum Kft.	3,925	-
Farhan, a.s.	54,514	23,442
FELICIA SHOPPING CENTER SRL	-	10
FL Property Development, a.s.	200	197
Gateway Office Park Kft.	16,363	-
HD Investment s.r.o.	52	6
Hightech Park Kft.	3,827	-
Hospitality Invest S.a r.l.	2,628	-
Hraničář, a.s.	14,225	19,694
IGY2 CB, a.s.	853	15,213
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	2,097	716
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	8,446	2,837
Janáčkovo nábřeží 15, s.r.o.	3,809	3,884
Jeseník Investments, a.s.	1,899	2,953
Kerina, a.s.	6,802	9,112
KOENIG Shopping, s.r.o.	61,244	23,578
Kolín Centrum a.s.	-	4
Komárno Property Development, a.s.	2,442	2,700
LD Praha, a.s.	5,525	1,750
Levice Property Development, a.s.	3,928	3,934
Liptovský Mikuláš Property Development, a.s.	4,410	3,937
Lockhart, a.s.	19,931	23,275

	31 December 2018	31 December 2017
Lucemburská 46, a.s.	8,793	9,033
Malerba, a.s.	118	189
Marissa Gama, a.s.	40,942	48,844
Marissa Kappa, a.s.	4,091	3,885
Marissa Omikrón, a.s.	22,730	26,920
Marissa Tau, a.s.	6,625	6,194
Marissa Théta, a.s.	1,628	-
Marissa West, a.s.	34,144	30,359
Marissa Yellow, a.s.	9,268	10,109
Marissa Ypsilon, a.s.	38,682	45,532
Marissa, a.s.	20,911	10,322
MB Futurum HK s.r.o.	43,127	-
MB Property Development, a.s.	1,066	1,597
Michalovce Property Development, a.s.	4,717	4,687
Modřanská Property, a.s.	-	6,967
MUXUM, a.s.	4,858	4,230
Na Poříčí, a.s.	30,388	30,914
New Age Kft.	567	-
OC Nová Zdaboř a.s.	8,916	12,348
OC Spektrum, s.r.o.	11,069	11,399
OFFICE CENTER HRADČANSKÁ, a.s.	12,347	-
Office Center Poštová, s.r.o.	4,657	4,902
Olomouc City Center, a.s.	9,095	12,508
Olomouc Office, a.s.	6,490	2,322
Outlet Arena Moravia, s.r.o.	1,973	2,500
Ozrics Kft.	2,469	3,087
Pelhřimov Property Development, a.s.	2,747	3,463
Pólus Shopping Center Zrt.	62,578	23,480
Považská Bystrica Property Development, a.s.	1,494	2,677
Prievidza Property Development, a.s.	3,493	3,102
Projekt Nisa, s.r.o.	82,944	29,120
Projekt Zlatý Anděl, s.r.o.	104,218	32,740
Příbor Property Development, s.r.o.	319	418
Residence Belgická, s.r.o.	1,799	1,883
Residence Izabella, Zrt.	4,486	3,396
REZIDENCE MASARYKOVA 36, s.r.o.	-	1,819
Spišská Nová Ves Property Development, a.s.	3,969	3,604
Statenice Property Development, a.s.	2,057	1,942
Svitavy Property Alfa, a.s.	9,646	5,057
Telč Property Development, a.s.	387	479
Tepelné hospodářství Litvínov, s.r.o.	565	5,091
Trebišov Property Development, s.r.o.	281	399
Trutnov Property Development, a.s.	-	19,463
Třinec Investments, s.r.o.	2,504	3,186
Třinec Property Development, a.s.	4,158	4,949
Tyršova 6, a.s.	1,966	4,743
U svatého Michala, a.s.	3,195	3,079
Vigano, a.s.	8,699	7,910
Vyškov Property Development, a.s.	3,293	5,954
ZLATICO LIMITED	-	6,520
Ždírec Property Development, a.s.	728	904
Total loans provided non-current - related parties	2,288,337	1,193,098
Uniborc S.A.	11,026	-
Total loans provided non-current - joint ventures	11,026	-
Total loans provided non-current - related parties and joint ventures	2,299,363	1,193,098

Current loans provided

	31 December 2018	31 December 2017
Airport City Kft.	129	44
Airport City Phase B Kft.	17	6
Andrássy Hotel Zrt.	29	19
Arena Corner Kft.	260	-
Balvinder, a.s.	71	50
Baudry Beta, a.s.	198	65
BAYTON Alfa, a.s.	125	-
BAYTON Gama, a.s.	-	3
BAYTON ONE, s.r.o.	689	-
BC 99 Office Park Kft.	157	-
Beroun Property Development, a.s.	139	50
Best Properties South, a.s.	328	-
Brandýs Logistic, a.s.	130	100

	31 December 2018	31 December 2017
Březiněves, a.s.	-	2
Buy-Way Dunakeszi Kft.	11	-
Buy-Way Soroksár Kft.	3	-
CAMPONA Shopping Center Kft.	111	-
Carpenter Invest, a.s.	-	6
CB Property Development, a.s.	102	149
Conradian, a.s.	-	14
CPI - Orlová, a.s.	-	3
CPI – Real Estate, a.s.	12	-
CPI - Štupartská, a.s.	34	32
CPI Alfa, a.s.	209	105
CPI Beet, a.s.	4	-
CPI BYTY, a.s.	1,489	-
CPI Delta, a.s.	243	15
CPI East, s.r.o.	205	-
CPI Hotels Properties, a.s.	12	2
CPI IMMO, S.a.r.l.	68	13
CPI Kappa, s.r.o.	2	-
CPI Meteor Centre, s.r.o.	136	110
CPI Národní, s.r.o.	-	109
CPI Office Prague, s.r.o.	71	-
CPI Property a Facility, s.r.o.	2	-
CPI PROPERTY GROUP S.A.	2,250	49
CPI Reality, a.s.	1,115	-
CPI Retail MB s.r.o.	102	77
CPI Retail One Kft.	457	56
CPI Retail Portfolio I, a.s.	37	-
CPI Retail Portfolio II, a.s.	39	15
CPI Retail Portfolio IV, s.r.o.	53	-
CPI Retail Portfolio V, s.r.o.	31	3
CPI Retail Portfolio VI, s.r.o.	16	-
CPI Retail Portfolio VIII s.r.o.	47	31
CPI Retails ONE, a.s.	29	15
CPI Retails Rosa s.r.o.	99	-
CPI Retails THREE, a.s.	327	-
CPI Retails TWO, a.s.	11	-
CPI Shopping MB, a.s.	216	-
CPI Shopping Teplice, a.s.	227	192
CPI Vestec, s.r.o.	34	-
Czech Property Investments, a.s.	6,663	55
Čáslav Investments, a.s.	36	24
Český Těšín Property Development, a.s.	-	33
Dienzenhoferovy sady 5, s.r.o.	88	37
EMH South, s.r.o.	10	-
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	693	-
Europeum Kft.	31	-
GAMALA LIMITED	56,204	55,140
Gateway Office Park Kft.	24	-
Hightech Park Kft.	91	-
Hospitality Invest S.a r.l.	2,758	-
Hraničář, a.s.	63	53
IGY2 CB, a.s.	32	77
Janáčkovo nábřeží 15, s.r.o.	76	59
Jeseník Investments, a.s.	38	30
Kerina, a.s.	77	47
KOENIG Shopping s.r.o.	94	-
LD Praha, a.s.	6	-
Lockhart, a.s.	154	81
Lucemburská 46, a.s.	63	47
Marissa Gama, a.s.	432	122
Marissa Kappa, a.s.	28	28
Marissa Omikrón, a.s.	174	55
Marissa Théta, a.s.	15	-
Marissa West, a.s.	-	60
Marissa Ypsilon, a.s.	398	162
MB Futurum HK s.r.o.	403	-
MB Property Development, a.s.	13	13
MUXUM, a.s.	20	-
Na Poříčí, a.s.	529	95
New Age Kft.	13	-
OC Nová Zdaboř a.s.	115	96

	31 December 2018	31 December 2017
OC Spektrum, s.r.o.	66	48
OFFICE CENTER HRADČANSKÁ, a.s.	109	-
Office Center Poštová, s.r.o.	43	18
Olomouc City Center, a.s.	8	-
Olomouc Office, a.s.	68	-
Outlet Arena Moravia, s.r.o.	29	15
Ozrics, Kft.	19	16
Pelhřimov Property Development, a.s.	33	19
Pólus Shopping Center Zrt.	103	-
Projekt Nisa, s.r.o.	129	-
Projekt Zlatý Anděl, s.r.o.	154	-
Příbor Property Development, s.r.o.	12	5
Residence Belgická, s.r.o.	22	15
Residence Izabella, Zrt.	28	18
REZIDENCE MASARYKOVA 36, s.r.o.	-	7
Statenice Property Development, a.s.	-	5
Svitavy Property Alfa, a.s.	60	-
Telč Property Development, a.s.	-	2
Tepelné hospodářství Litvínov, s.r.o.	14	4
Trutnov Property Development, a.s.	9	93
Třinec Investments, s.r.o.	25	16
Třinec Property Development, a.s.	86	28
Tyršova 6, a.s.	26	25
U svatého Michala, a.s.	-	8
Vigano, a.s.	-	26
Vyškov Property Development, a.s.	46	41
Ždírec Property Development, a.s.	5	4
Total loans provided current - related parties	80,514	58,062
Uniborc S.A.	126	10,428
Total loans provided current - joint ventures	10,428	10,428
Total loans provided current - related parties and joint ventures	80,640	68,490

Non-current financial debts

	31 December 2018	31 December 2017
BC 30 Property Kft.	11,472	-
BC 91 Real Estate Kft.	4,578	-
CPI – Horoměřice, a.s.	266	-
CPI Energo, a.s.	311	-
Czech Property Investments, a.s.	-	552,395
CPI PROPERTY GROUP S.A.	1,924,152	464,475
Jetřichovice Property, a.s.	278	-
ST Project Limited	148,205	96,704
Turf Praha a.s.	2,177	-
Total financial debts non-current - related parties	2,091,439	1,113,574

Current financial debts

	31 December 2018	31 December 2017
BC 30 Property Kft.	295	-
BC 91 Real Estate Kft.	130	-
BPT Development, a.s.	389	-
Brno Property Development, a.s.	24,030	-
CPI - Bor, a.s.	1,917	2,064
CPI – Horoměřice, a.s.	2	-
CPI - Zbraslav, a.s.	2,899	2,755
CPI Energo, a.s.	3	-
CPI Epsilon, a.s.	5,449	4,735
CPI Hotels Properties, a.s.	1,676	-
CPI Hungary Kft.	763	-
CPI Národní, s.r.o.	7,483	-
CPI Park Mlýnec, a.s.	82	-
CPI PROPERTY GROUP S.A.	15,662	1,531
CPI Reality, a.s.	-	302
CPI Retail Portfolio I, a.s.	-	1,766
CPI Retail Portfolio II, a.s.	-	3,038
CPI Retail Portfolio III, s.r.o.	-	1,685
CPI Retail Portfolio IV, s.r.o.	-	503
CPI Retail Portfolio VI, s.r.o.	-	312
CPI Retail Portfolio VII, s.r.o.	-	446
Czech Property Investments, a.s.	-	24,868
HOTEL U PARKU, s.r.o.	214	-
Janáčkovo nábřeží 15, s.r.o.	8,246	-

	31 December 2018	31 December 2017
Jetřichovice Property, a.s.	2	-
Lucemburská 46, a.s.	2,474	-
MUXUM, a.s.	-	3,494
Nymburk Property Development, a.s.	7,432	6,652
OFFICE CENTER HRADČANSKÁ, a.s.	5	101
PROJECT FIRST, a.s.	5,318	-
Residence Belgická, s.r.o.	199	-
ST Project Limited	3,135	310
Turf Praha a.s.	30	-
Total financial debts current - related parties	87,835	54,562

Interest income

	12 month period ended	
	31 December 2018	31 December 2017
AIRPORT CITY Kft.	392	44
Airport City Phase B Kft.	51	6
Andrássy Hotel Zrt.	108	19
Andrássy Real Kft.	153	75
ANOJTHAN ENTERPRISES LMD	-	557
Arena Corner Kft.	1,385	378
Balvinder, a.s.	393	191
Baudry Beta, a.s.	571	208
Baudry, a.s.	333	58
BAYTON Alfa, a.s.	799	142
BAYTON Gama, a.s.	-	27
BAYTON ONE, a.s.	2,576	-
BC 90 Office Park Kft.	171	-
Beroun Property Development, a.s.	624	50
Best Properties South, a.s.	1,974	1,232
Brandýs Logistic, a.s.	731	534
Brno Property Development, a.s.	86	69
Březiněves, a.s.	1,037	484
Budaörs Office Park Kft.	29	380
Buy-Way Dunakeszi Kft.	11	-
Buy-Way Soroksár Kft.	3	-
CAMPONA Shopping Center Kft.	2,173	1,462
Carpenter Invest, a.s.	196	178
CB Property Development, a.s.	2,547	1,194
Conradian, a.s.	569	419
CPI - Orlová, a.s.	63	69
CPI - Real Estate, a.s.	149	113
CPI - Štupartská, a.s.	259	155
CPI Alfa, a.s.	679	240
CPI Blatiny, s.r.o.	226	43
CPI BYTY, a.s.	1,489	-
CPI Delta, a.s.	272	234
CPI East, s.r.o.	5,153	4,000
CPI Epsilon, a.s.	-	41
CPI Hotels Properties, a.s.	104	68
CPI IMMO, S.a.r.l.	46	13
CPI Jihlava Shopping, a.s.	1,439	1,115
CPI Kappa, s.r.o.	157	39
CPI Meteor Centre, s.r.o.	711	507
CPI Národní, s.r.o.	409	109
CPI Office Prague, s.r.o.	3,450	-
CPI Palmovka Office, s.r.o.	1	-
CPI Park Žďárek, a.s.	-	145
CPI Property a Facility, s.r.o.	10	-
CPI PROPERTY GROUP S.A.	2,202	49
CPI Reality, a.s.	1,362	613
CPI Retail MB s.r.o.	427	77
CPI Retail One Kft.	890	56
CPI Retail Portfolio Holding Kft.	1,763	751
CPI Retail Portfolio I, a.s.	37	70
CPI Retail Portfolio II, a.s.	39	14
CPI Retail Portfolio III, s.r.o.	41	29
CPI Retail Portfolio IV, s.r.o.	53	-
CPI Retail Portfolio V, s.r.o.	175	50
CPI Retail Portfolio VI, s.r.o.	16	-
CPI Retail Portfolio VII, s.r.o.	33	-
CPI Retail Portfolio VIII s.r.o.	256	127

	12 month period ended	
	31 December 2018	31 December 2017
CPI Retails ONE, a.s.	243	166
CPI Retails ROSA s.r.o.	304	264
CPI Retails THREE, a.s.	1,242	138
CPI Retails TWO, a.s.	215	69
CPI Shopping MB, a.s.	1,430	1,009
CPI Shopping Teplice, a.s.	1,943	1,269
CPI Vestec, s.r.o.	34	-
Czech Property Investments, a.s.	11,613	2,040
Čadca Property Development, s.r.o.	136	58
Čáslav Investments, a.s.	201	83
Český Těšín Property Development, a.s.	90	44
Dienzenhoferovy sady 5, s.r.o.	389	37
EMH North, s.r.o.	-	2,575
EMH South, s.r.o.	570	432
Europeum Kft.	32	-
Farhan, a.s.	2,765	1,839
FELICIA SHOPPING CENTER SRL	-	1
FL Property Development, a.s.	12	11
GAMALA LIMITED	4,156	198
Gateway Office Park Kft.	24	-
HD Investment s.r.o.	1	-
Hightech Park Kft.	91	-
Hraničář, a.s.	966	739
IGY2 CB, a.s.	1,167	492
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	65	53
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	309	209
Janáčkovo nábřeží 15, s.r.o.	307	59
Jeseník Investments, a.s.	169	75
Kerina, a.s.	429	254
KOENIG Shopping, s.r.o.	2,811	166
Komárno Property Development, a.s.	257	261
Land Properties, a.s.	-	57
LD Praha, a.s.	218	359
Levice Property Development, a.s.	384	349
Liptovský Mikuláš Property Development, a.s.	403	269
Lockhart, a.s.	1,182	753
Lucemburská 46, a.s.	263	47
Malerba, a.s.	8	9
Marissa Gama, a.s.	2,375	946
Marissa Kappa, a.s.	235	643
Marissa Omikrón, a.s.	1,376	150
Marissa Tau, a.s.	672	472
Marissa Théta, a.s.	61	-
Marissa West, a.s.	3,073	2,536
Marissa Yellow, a.s.	1,166	873
Marissa Ypsilon, a.s.	2,898	1,352
Marissa, a.s.	752	87
MB Futurum HK s.r.o.	934	-
MB Property Development, a.s.	60	13
Michalovce Property Development, a.s.	460	402
Modřanská Property, a.s.	461	27
MUXUM, a.s.	408	260
Na Poříčí, a.s.	2,480	475
New Age Kft.	13	-
Nový Projekt CPI, s.r.o.	-	1,036
OC Nová Zdaboř a.s.	555	96
OC Spektrum, s.r.o.	749	322
OFFICE CENTER HRADČANSKÁ, a.s.	162	-
Office Center Poštová, s.r.o.	215	119
Olomouc City Center, a.s.	645	611
Olomouc Office, a.s.	332	189
Outlet Arena Moravia, s.r.o.	119	15
Ozrics, Kft.	83	16
Pelhřimov Property Development, a.s.	187	104
Pólus Shopping Center Zrt.	1,944	1,754
Považská Bystrica Property Development, a.s.	252	257
Prievidza Property Development, a.s.	327	271
Projekt Nisa, s.r.o.	3,661	2,524
Projekt Zlatý Anděl, s.r.o.	4,101	3,050
Příbor Property Development, s.r.o.	26	5

	12 month period ended	
	31 December 2018	31 December 2017
Residence Belgická, s.r.o.	92	15
Residence Izabella, Zrt.	98	18
REZIDENCE MASARYKOVA 36, s.r.o.	-	9
Spišská Nová Ves Property Development, a.s.	365	308
ST Project Limited	-	116
Statenice Property Development, a.s.	118	110
Svitavy Property Alfa, a.s.	557	397
Telč Property Development, a.s.	27	28
Tepelné hospodářství Litvínov, s.r.o.	90	4
Trebišov Property Development, s.r.o.	33	23
Trutnov Property Development, a.s.	494	172
Třinec Investments, s.r.o.	159	31
Třinec Property Development, a.s.	365	28
Tyršova 6, a.s.	133	25
U svatého Michala, a.s.	184	196
Vigano, a.s.	800	728
Vítek Radovan, JUDr.	966	-
Vyškov Property Development, a.s.	252	140
ZLATICO LIMITED	601	480
Ždírec Property Development, a.s.	63	44
Total interest income - related parties	109,439	52,295
Uniborc S.A.	724	535
Total interest income - joint ventures	724	535
Total interest income - related parties and joint ventures	110,163	52,830

Interest expense

	12 month period ended	
	31 December 2018	31 December 2017
Balvinder, a.s.	-	3
Beroun Property Development, a.s.	-	5
BC 30 Property Kft.	295	-
BC 91 Real Estate Kft.	130	-
Brno Property Development, a.s.	399	-
CPI - Bor, a.s.	63	47
CPI – Horoměřice, a.s.	8	-
CPI - Zbraslav, a.s.	82	62
CPI Energo, a.s.	3	-
CPI Epsilon, a.s.	148	59
CPI Hotels Properties, a.s.	2	-
CPI Hungary Kft.	1	-
CPI Národní, s.r.o.	90	228
CPI PROPERTY GROUP S.A.	30,956	1,531
CPI Reality, a.s.	1	10
CPI Retail MB s.r.o.	-	54
CPI Retail Portfolio I, a.s.	43	22
CPI Retail Portfolio II, a.s.	74	40
CPI Retail Portfolio III, s.r.o.	41	21
CPI Retail Portfolio IV, s.r.o.	17	12
CPI Retail Portfolio VI, s.r.o.	11	7
CPI Retail Portfolio VII, s.r.o.	12	11
Czech Property Investments, a.s.	25,941	24,042
Český Těšín Property Development, a.s.	-	5
Družstvo Land	-	23
Hraničář, a.s.	-	12
Janáčkovo nábřeží 15, s.r.o.	18	-
Jetřichovice Property, a.s.	8	-
Lucemburská 46, a.s.	5	-
Marissa Théta, a.s.	-	22
MB Property Development, a.s.	-	9
MUXUM, a.s.	76	85
Nymburk Property Development, a.s.	202	194
OC Nová Zdaboř a.s.	-	37
OFFICE CENTER HRADČANSKÁ, a.s.	1	3
PROJECT FIRST a.s.	112	-
Příbor Property Development, s. r.o.	-	12
ST Project Limited	2,825	310
Třinec Property Development, a.s.	-	66
Turf Praha a.s.	30	-
Total interest expense – related parties	61,594	26,932

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 9.3 million for the year 2018.

Loan by CPI PG Group

As at 31 December 2018 the outstanding balance amounts to EUR 2,158,9 million with calculated the accrued interest in the amount of EUR 20.4 million. The most significant loans were with counterpart ST Project Limited with outstanding amounts of EUR 148.2 million and accrued interest in amount of EUR 3.1 million (interest rate is 2.13% p.a. and maturity of this loan is in 2030) and CPI PG with outstanding amounts to EUR 1,924.2 million and accrued interest in amount of EUR 15.7 million. These loans bear interest rate between 1.14 - 4.95% p.a. and is repayable between years 2020 - 2028.

Loan to CPI PG Group

The Company has provided the loans to CPI PG Group. For more information see note 6.4.

The related party transactions are priced on arm's length basis.

12 Events after the reporting period

There were no events after the reporting period.

13 APPENDIX I – LIST OF GROUP ENTITIES

13.1 Entities fully consolidated

Company	Country	31 December 2018	31 December 2017
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	20.00%	100.00%
BYTY PODKOVA, a.s.	Czech Republic	100.00%	100.00%
Camuzzi, a.s.	Czech Republic	100.00%	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 Park Žďárek, a.s.	Czech Republic	99.98%	99.94%
CPI South, s.r.o.	Czech Republic	90.00%	90.00%
Darilia, a.s.	Czech Republic	20.00%	100.00%
Development Doupovská, s.r.o.	Czech Republic	75.00%	75.00%
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%
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%
Land Properties, a.s.	Czech Republic	100.00%	99.96%
Marki Real Estate Sp. z o.o.	Poland	100.00%	100.00%
MQM Czech, a.s.	Czech Republic	20.00%	20.00%
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%
Polygon BC, a.s.	Czech Republic	20.00%	20.00%
Rezidence Pragovka, s.r.o.	Czech Republic	100.00%	100.00%
Strakonice Property Development, a.s.	Czech Republic	100.00%	100.00%
STRM Alfa, a.s.	Czech Republic	20.00%	20.00%
STRM Beta, 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%

13.2 Equity method investments

Company	Country	31 December 2018	31 December 2017
Beta Development, s.r.o.	Czech Republic	35.00%	35.00%
Brillant 1419. Verwaltungs GmbH	Germany	49.00%	49.00%
Uniborc S.A.	Luxembourg	35.00%	35.00%

KPMG

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To the Shareholders of
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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Orco Property Group S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment property

a. *Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period*

We refer to the accounting policies at note 2.2 (c) on page 11, note 2.3 on pages 17 and 18 and note 6.1 *Investment property* on page 24 to the consolidated financial statements. Investment property represents 14.9% of the total assets of the Group as at 31 December 2018.

The valuation of investment property is inherently subjective and requires external independent valuation companies and the Group to use certain assumptions, including, comparables, yields, capitalization rates, discount rates and estimated market rents.

The assessment of the appropriateness of the valuation methodologies, assumptions and inputs used by the Group requires significant management judgement and also a high level of professional judgement from us.

Therefore, the significance of the estimates and judgements, coupled with the sensitivity of the changes to assumptions applied to individual investment property valuations, which when aggregated, could result in a material misstatement in the consolidated statements of comprehensive income and financial position, warrants specific audit focus in this area.

b. *How the matter was addressed in our audit*

Our procedures concerning the valuation of investment property included, but were not limited to, the following:

- We tested the source documentation provided by the Group to the external independent valuation companies by agreeing a sample of this documentation back to the underlying lease and other relevant supporting data. We checked the mathematical accuracy of the model.
- We involved our own real estate valuation specialists to assist us in challenging the appropriateness of the key valuation methodologies including, but not limited to, discounted cash flow, comparative and residual methods and the key assumptions including, but not limited to, those relating to yields, discount rates, capitalization rates, and rents used by the Group.
- We assessed the competence, capabilities and objectivity of the external independent valuation companies engaged by the Group.

Valuation of the Bubny land bank (investment property) and related disclosures

a. *Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period*

The Bubny land bank ("Bubny") is a unique land bank located in Prague, Czech Republic, inner city center. The fair value of Bubny increased significantly from MEUR 56 in 2016 to MEUR 150 in 2017 and remained at MEUR 150 in 2018.

We refer to the accounting policy at note 2.2 (c) on page 11, note 2.3 on pages 17 and 18 and note 7.5 on pages 37 and 38 respectively to the consolidated financial statements.

The Group engaged an external independent valuation company, to determine the fair value of Bubny. The external independent valuation company derived the fair value based on comparable sales transactions on land banks. As there were no directly comparable properties that could be identified, the valuation of Bubny is inherently subjective. It requires

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the external independent valuation company and the Group to adopt certain assumptions, including the selection of comparable properties and adjustments thereto.

The assessment of the appropriateness of the comparable properties and related adjustments used by the Group in deriving the fair value of Bubny requires significant management judgement and also a high level of professional judgement from us. The valuation has high sensitivity to adjustments for key characteristics and adequate information has to be disclosed in the notes to the consolidated financial statements in that respect.

Therefore, the significance of the judgement applied, coupled with the sensitivity of the adjustments in the fair value calculation which could result in a material misstatement in the consolidated statements of comprehensive income and financial position, warrants specific audit focus in this area.

b. How the matter was addressed in our audit

Our procedures concerning the valuation of Bubny included, but were not limited to, the following:

- We involved our own real estate valuation specialists to assist us:
  - in challenging the appropriateness of the valuation methodology (comparative method) used by the Group;
  - in analysing the details of the comparative transactions for appropriateness;
  - in cross-checking the comparative transactions to our internal database;
  - in challenging the appropriateness of the key assumptions including, but not limited to, size, micro-location, access, public transport, market improvement, liquidity of apartments, flooding area, existing structures, and planning used by the Group;
  - in considering the completeness and no double counting of adjustments in the aforementioned assumptions;
  - in reviewing the mathematical accuracy of the calculations performed by the external independent valuation company.
- We assessed the competence, capabilities and objectivity of the external independent valuation company engaged by the Group and the Group's internal valuation expert.
- Further, we also considered the adequacy of the disclosures in the consolidated financial statements, and the Group's descriptions regarding the inherent degree of subjectivity and key assumptions in estimates.

Adoption of IFRS 9

a. Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period

IFRS 9 replaces IAS 39 as at 1 January 2018 and replaces an incurred loss approach with an expected credit loss (ECL) approach for all debt instruments not held at fair value through profit or loss and contract assets. For the purposes of the consolidated financial statements as at 31 December 2018, the Group implemented methodology to determine the impairment

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provision on loans under IFRS 9 and recorded the impairment in balances as at 1 January 2018 and 31 December 2018.

We refer to the note 2.1.(b)(i) *New and amended standards and interpretations* on page 8 which describes the impact on the Group's retained earnings at 1 January 2018 by recognising an additional impairment on loans provided of EUR 6.4million. We refer to note 2.2 (h)(i) *Impairment of non-derivative financial assets* on pages 13 and 14 and note 6.4 *Loans provided* on pages 25 and 26 where the impairment to non-current loans provided to related parties for the current period is EUR15.5 million; herein after referred to as impairment on "loans provided".

The model adopted by the Group to calculate the Impairment on loans provided is complex and is subject to key assumptions being applied to the model made by the Group with the support of the Group's external expert.

b. How the matter was addressed in our audit

Our procedures concerning the recognition of IFRS 9 impairment on loans provided included, but were not limited to, the following:

- We involved our internal expert to assist us:
  - with the assessment and evaluation of the statistical model created by the Group and the Group's independent external expert;
  - with challenging the appropriateness of the key assumptions applied in the model, including but not limited to the probability of default and the loss given default calculation adopted by the Group.
- We inspected that the Group's formula included in the statistical models was consistent with the Group's methodology.
- We assessed the competence, capabilities and objectivity of the independent external expert engaged by the Group.
- We tested a sample of key inputs in the Group's statistical model and that all loans in the impairment on loans provided calculation were assigned the staging percentages applicable based on the output from the Group's statistical model.
- Further, we tested the completeness of the loans receivable in the impairment on loans provided calculation and checked the mathematical accuracy of the expected credit loss allowance for a sample of loans.
- We assessed the adequacy of disclosures related to the adoption of IFRS 9 as disclosed in the notes to the Group's consolidated financial statements.

Recognition of deferred tax assets

a. Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period

We refer to the accounting policy at note 2.2 (p) on pages 16 to 17 and note 5.9 *Income tax expense* on pages 22 and 23 and note 6.6 *Deferred tax asset* on page 26 to the consolidated financial statements.

Deferred tax asset balances primarily relate to historical tax losses incurred at the level of the Company. Recognition of deferred tax assets requires significant judgement in assessing the recoverability of the deferred tax assets through the future utilization of historical tax losses from revenue generated through loans provided to related parties.

b. How the matter was addressed in our audit

Our procedures concerning the recognition of deferred tax assets included, but were not limited to, the following:

- We involved our tax specialists in supporting our analysis of the Group's assertions on the tax positions in the respective jurisdictions by investigating tax compliance, tax exposure, and the legal ability to utilize the tax losses;
- We assessed the reasonableness of the key assumptions applied to arrive at the Group's business plan supporting the recoverability of the deferred tax assets.

Presentation of companies co-owned with related party

a. Why the matter was considered to be one of most significant in our audit of the consolidated financial statements of the current period

We refer to the accounting policy note 2.2 (a) on pages 10 and 11 and note 3.1 on page 19 to the consolidated financial statements.

During the year, the Group sold 80% of its 100% shareholding in a subsidiary to GSG Europa Beteiligungs GmbH, the "related party".

This transaction involves significant management judgement in the assessment of control and corresponding consolidation method in accordance with the relevant accounting standards.

b. How the matter was addressed in our audit

Our procedures concerning the presentation of companies co-owned with related parties included, but were not limited to, the following:

- We inspected the shareholders' agreement executed in the current period for the company which shares ownership with the related party;
- We challenged the Group's assessment of the shareholders' agreement related to the company and the overall conclusion on the control of the company;
- We inquired with the Group's internal legal personnel regarding the legal nature, substance, and enforceability of the terms and conditions in the shareholders' agreement between the related parties;
- We further compared the Group's assessment of control to the relevant accounting standards.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the Shareholders on 31 May 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the *Group* in conducting the audit.

Other matter

The Corporate Governance Statement includes, when applicable, information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Luxembourg, 29 March 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Alison Macleod

SUI001

Orco Property Group

Société Anonyme

R.C.S. Luxembourg B 44.996

ANNUAL ACCOUNTS AND REPORT

OF THE REVISEUR D'ENTREPRISES AGREE

DECEMBER 31, 2018

40, rue de la Vallée
L-2661 Luxembourg
Share Capital: EUR 13,145,076
R.C.S. Luxembourg B 44.996

Orco Property Group
Société Anonyme
R.C.S. Luxembourg B 44.996

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To the Shareholders of
Orco Property Group S.A.
40, rue de la Vallée
L-2661 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Orco Property Group S.A. (the "Company"), which comprise the balance sheet as at December 31, 2018, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at December 31, 2018, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession ("Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of July 23, 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial assets (shares in affiliated undertakings and loans to affiliated undertakings)

a. Why the matter was considered to be one of most significant in our audit of the annual accounts of the current period

We refer to the accounting policy at note 2 on page 13 and note 4 *Financial assets* on pages 15 to 25 to the annual accounts. Financial assets represent 95.8% of total assets of the Company as at December 31, 2018.

The assessment of the impairment of financial assets requires significant judgement applied by the management in assessing the recovery value of the financial assets and the durable nature of the impairment.

b. How the matter was addressed in our audit

Our procedures concerning the valuation of financial assets (shares in affiliated undertakings and loans to affiliated undertakings) included, but were not limited to, the following:

- We assessed the existence and accuracy of the recoverable amount of the financial assets by recalculating the net assets value of the related investee;
- We reviewed management's assessment of the durable nature of the impairment;
- We assessed that any impairment to individual financial assets was applied first to the financial investment, then to the loan principal, and finally to the loan interest.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report, including the consolidated management report and the Corporate Governance Statement but does not include the annual accounts and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the Shareholders on May 31, 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 6 years.

The Corporate Governance Statement is included in the consolidated management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Other matter

The Corporate Governance Statement includes, when applicable, information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Luxembourg, 29 March 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Alison Macleod

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RCSL Nr. : B44996	Matricule : 1993 2209 554
	eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2018 **to** 02 31/12/2018 *(in* 03 EUR *)*

ORCO PROPERTY GROUP

40, rue de la Vallée
L-2661 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	109 2.571.455.932,00	110 1.517.204.007,00
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135	Note 4	135	2.571.455.932,00	136	1.517.204.007,00
1. Shares in affiliated undertakings	1137	Note 4.1	137	208.433.969,00	138	255.193.982,00
2. Loans to affiliated undertakings	1139	Note 4.2	139	2.288.789.903,00	140	1.196.897.215,00
3. Participating interests	1141	Note 4.3	141	619.726,00	142	603.487,00
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	Note 4.4	143	11.025.606,00	144	10.310.122,00
5. Investments held as fixed assets	1145	Note 4.5	145	62.586.728,00	146	54.199.201,00
6. Other loans	1147		147		148	
D. Current assets	1151		151	111.451.016,00	152	81.917.289,00
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163	Note 5	163	97.522.907,00	164	71.499.944,00
1. Trade debtors	1165		165	179.871,00	166	87.642,00
a) becoming due and payable within one year	1167		167	179.871,00	168	87.642,00
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171	96.784.207,00	172	70.814.045,00
a) becoming due and payable within one year	1173	Note 5.1	173	88.932.258,00	174	70.814.045,00
b) becoming due and payable after more than one year	1175	Note 5.2	175	7.851.949,00	176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177	125.824,00	178	117.430,00
a) becoming due and payable within one year	1179	Note 5.3	179	125.824,00	180	117.430,00
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	433.005,00	184	480.827,00
a) becoming due and payable within one year	1185	Note 5.4	185	433.005,00	186	480.827,00
b) becoming due and payable after more than one year	1187		187		188	

RCSL Nr. : B44996	Matricule : 1993 2209 554

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197	13.928.109,00	198	10.417.345,00
E. Prepayments	1199		199	324.867,00	200	406.806,00
TOTAL (ASSETS)			201	2.683.231.815,00	202	1.599.528.102,00

RCSL Nr. : B44996 | Matricule : 1993 2209 554

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301	Note 6	301	393.173.188,00	302	273.626.501,00
I. Subscribed capital	1303		303	13.145.076,00	304	13.145.076,00
II. Share premium account	1305		305	784.669.809,00	306	784.669.809,00
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	448.131.945,00	310	448.131.945,00
1. Legal reserve	1311		311	448.131.945,00	312	448.131.945,00
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319	-972.320.329,00	320	-1.007.769.088,00
VI. Profit or loss for the financial year	1321		321	119.546.687,00	322	35.448.759,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
C. Creditors	1435		435	2.290.058.627,00	436	1.325.901.601,00
1. Debenture loans	1437		437		438	
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445		445		446	
i) becoming due and payable within one year	1447		447		448	
ii) becoming due and payable after more than one year	1449		449		450	
2. Amounts owed to credit institutions	1355		355		356	
a) becoming due and payable within one year	1357		357		358	
b) becoming due and payable after more than one year	1359		359		360	

RCSL Nr. : B44996	Matricule : 1993 2209 554

	Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361		362	
a) becoming due and payable within one year	1363	363		364	
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	2.976.952,00	368	599.833,00
a) becoming due and payable within one year	1369	369	2.976.952,00	370	599.833,00
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379 Note 7	379	2.284.849.348,00	380	1.325.285.468,00
a) becoming due and payable within one year	1381 Note 7.1	381	178.261.336,00	382	195.608.969,00
b) becoming due and payable after more than one year	1383 Note 7.2	383	2.106.588.012,00	384	1.129.676.499,00
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385		386	
a) becoming due and payable within one year	1387	387		388	
b) becoming due and payable after more than one year	1389	389		390	
8. Other creditors	1451 Note 8	451	2.232.327,00	452	16.300,00
a) Tax authorities	1393	393		394	
b) Social security authorities	1395	395	16.947,00	396	7.666,00
c) Other creditors	1397	397	2.215.380,00	398	8.634,00
i) becoming due and payable within one year	1399 Note 8.1	399	38.425,00	400	8.634,00
ii) becoming due and payable after more than one year	1401 Note 8.2	401	2.176.955,00	402	
D. Deferred income	1403	403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	2.683.231.815,00	406	1.599.528.102,00

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RCSL Nr. : B44996	Matricule : 1993 2209 554
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2018 **to** 02 31/12/2018 *(in* 03 EUR)

ORCO PROPERTY GROUP

40, rue de la Vallée
L-2661 Luxembourg

PROFIT AND LOSS ACCOUNT

		Reference(s)		Current year		Previous year
1. Net turnover	1701	Note 9	701	66.000,00	702	1.513.112,00
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713	Note 10	713	71.441.354,00	714	183.639,00
5. Raw materials and consumables and other external expenses	1671		671	-12.259.207,00	672	-1.347.915,00
a) Raw materials and consumables	1601		601	-13.873,00	602	-7.368,00
b) Other external expenses	1603	Note 11	603	-12.245.334,00	604	-1.340.547,00
6. Staff costs	1605	Note 12	605	-892.117,00	606	-344.515,00
a) Wages and salaries	1607		607	-734.240,00	608	-280.544,00
b) Social security costs	1609		609	-152.774,00	610	-63.971,00
i) relating to pensions	1653		653		654	
ii) other social security costs	1655		655	-152.774,00	656	-63.971,00
c) Other staff costs	1613		613	-5.103,00	614	
7. Value adjustments	1657	Note 13	657	-22.170,00	658	-218.460,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659		660	
b) in respect of current assets	1661		661	-22.170,00	662	-218.460,00
8. Other operating expenses	1621	Note 14	621	-2.735.045,00	622	-707.898,00

RCSL Nr. : B44996	Matricule : 1993 2209 554

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715	Note 15	715		716	327.450,00
a) derived from affiliated undertakings	1717		717		718	327.450,00
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721	Note 16	721	108.060.562,00	722	54.904.329,00
a) derived from affiliated undertakings	1723	Note 16.1	723	107.336.684,00	724	54.335.509,00
b) other income not included under a)	1725	Note 16.2	725	723.878,00	726	568.820,00
11. Other interest receivable and similar income	1727	Note 17	727	33.108.665,00	728	9.338.964,00
a) derived from affiliated undertakings	1729	Note 17.1	729	31.315.760,00	730	5.502.433,00
b) other interest and similar income	1731	Note 17.2	731	1.792.905,00	732	3.836.531,00
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	Note 18	665	-3.544.003,00	666	34.717.949,00
14. Interest payable and similar expenses	1627	Note 19	627	-73.660.958,00	628	-63.010.374,00
a) concerning affiliated undertakings	1629	Note 19.1	629	-72.606.809,00	630	-61.034.536,00
b) other interest and similar expenses	1631	Note 19.2	631	-1.054.149,00	632	-1.975.838,00
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	119.563.081,00	668	35.356.281,00
17. Other taxes not shown under items 1 to 16	1637		637	-16.394,00	638	92.478,00
18. Profit or loss for the financial year	1669		669	119.546.687,00	670	35.448.759,00

NOTE 1 - GENERAL INFORMATION

Orco Property Group, société anonyme ("the Company" and "OPG"), RCS number B 44.996, was incorporated under the Luxembourg Company Law on September 9, 1993 as a limited liability company (société anonyme) for an unlimited period of time.

The Company has for object the taking of participating interests, in whatsoever form in either Luxembourg or foreign companies, especially in real estate companies in the Czech Republic, Hungary, Poland and other countries of Eastern Europe and the management, control and development of such participating interests. The Company, through its subsidiaries (together "the Group"), is principally involved in providing financing and management services, and the development of properties for its own portfolio or intended to be sold in the ordinary course of business..

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

As at December 31, 2018 the Company's shares were listed on the regulated markets of the Warsaw Stock Exchange and of the Luxembourg Stock Exchange. In 2016, the Board of Directors following an in-depth review of its structure, operational and financial performances and costs, related to its listing on Euronext Paris as taking the liquidity and trade volumes into account, voluntarily requested the delisting of all of its ordinary shares from Euronext Paris. The voluntary delisting request was approved by Euronext on January 7, 2016 and the all listed shares were transferred and sold to the Luxembourg Stock Exchange as from February 4, 2016.

The financial year is from January 1, 2018 to December 31, 2018.

As at December 31, 2018, the Company is directly and indirectly controlled by CPI Property Group S.A. at 97.31 % (2017: 97.31%), a Luxembourg entity of which Radovan Vítek is the ultimate beneficial owner with 91.61 % of voting rights (2017: 94.25 %).

Others 35,508,653 shares 2.69% voting rights.

Total 1,314,507,629 shares 100.00% voting rights.

Board of Directors

As at December 31, 2018 and December 31, 2017 the Board of Directors consists of the following directors:
Mr. Jiří Dedera
Mr. Edward Hughes
Mr. Erik Morgenstern

The consolidated financial statements and separate annual accounts of the Company can be obtained at their registered office, 40, rue de la Vallée, L-2661 Luxembourg and at the following website: www.orcogroup.com. The Company's annual accounts are part of the consolidated financial statements of CPI Property Group S.A., forming the largest body of undertakings of which the Company forms part as a subsidiary undertaking. The registered office of CPI Property Group S.A. is located at 40, rue de la Vallée, L-2661 Luxembourg, where its consolidated financial statements are available.

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

Basis of preparation and going concern

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of August 10, 1915, as subsequently amended ("the Commercial Company Law"), determined and applied by the Board of Directors.

As of December 31, 2018, the Company has current net liabilities of KEUR 69,518. Company's management expects that the net cash inflows from financing activities will be sufficient to cover the current net liabilities in foreseeable future.

The Company has prepared cash flow forecasts for the Group (companies included in CPI Property Group consolidated financial statements), for a period in excess of 12 months from the date of approval of the 2018 consolidated financial statements and annual accounts. These forecasts reflect an assessment of current and future conditions on real estate markets and their impact on the Group's future performance. The forecasts show the Group's strong performance and that the Group is able to operate within the current committed debt facilities and show continued compliance with Group financial covenants.

As a result of the steady positive cash flow from its financing activity, rental and other activities of its subsidiaries, the Board of Directors has concluded that it is appropriate to prepare the separate annual accounts as at December 31, 2018 on a going concern basis.

Significant accounting policies

Financial assets

Financial assets include shares in affiliated undertakings, loans to affiliated undertakings, participating interests, loans to undertakings with which the undertaking is linked by virtue of participating interests and investments held as fixed assets. Financial assets are valued individually at the lower of their acquisition price or market value. Amounts owed by affiliated undertakings, amounts owed by undertakings with which the Company is linked by virtue of participating interest and other loans shown under "Financial assets" are recorded at their nominal value. A value adjustment is recorded when the recovery value is lower than the nominal value.

Where there is a durable diminution in value in the opinion of the Board of Directors, value adjustments are made in respect of financial assets so that they are valued at the lower figure to be attributed to them at the balance sheet date. The value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Provisions

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

Creditors

Creditors include amounts owed to affiliated undertakings and trade and other creditors. Creditors are valued at their nominal value.

Conversion of foreign currencies

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss account are expressed in this currency. All financial information presented in EUR has been rounded to the nearest thousand (KEUR), except when otherwise indicated.

During the financial year, the acquisitions and sales of financial assets as well as income and charges in currencies other than EUR are converted into EUR at the exchange rate prevailing at the transaction dates.

At the balance sheet date, the acquisition price of the financial assets expressed in currency other than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are valued at the closing rate. The unrealised and realised losses, as well as the realised gains are recorded in the profit and loss account.

Net turnover

Net turnover includes income from invoicing of operating costs.

Value adjustments

Value adjustments are deducted directly from the related asset

Other operating income

Other operating income includes income from invoicing of operating costs and providing management services.

NOTE 3 - RECLASSIFICATION OF COMPARATIVE FINANCIAL DATA

As of December 31, 2017, cash balances for EUR 10,417,345 have been incorrectly classified in the caption "3. Other investments". As of December 31, 2018, comparatives from 2017 annual accounts have been reclassified in the caption " IV. Cash at bank and in hand" accordingly.

NOTE 4 - FINANCIAL ASSETS

2018	Shares in affiliated undertakings	Loans to affiliated undertakings
	KEUR	KEUR
Gross book value		
Balance at January 1, 2018	343,036	1,268,164
Additions for the year	19,169	2,881,235
Disposals for the year	(63,391)	(1,772,314)
Balance at December 31, 2018	298,814	2,377,085
Accumulated value adjustments		
Balance at January 1, 2018	(87,842)	(71,267)
Additions for the year	(4,165)	(18,980)
Disposals for the year	1,627	1,952
Balance at December 31, 2018	(90,380)	(88,295)
Net book value as at January 1, 2018	**255,194**	**1,196,897**
Net book value as at December 31, 2018	**208,434**	**2,288,790**

4.1 - Shares in affiliated undertakings

In 2018, a price adjustment on the acquisition of land banks in the Czech Republic (Land Properties, a.s., formerly Družstvo Land) has been realized and is reflected as "Additions for the year" in the amount KEUR -2,537. The Company acquired last 2 shares from Milan Trněný and Radovan Vítek and reached full ownership.

The Company also increased its investment in JIHOVÝCHODNÍ MĚSTO, a.s., Bubenská 1, a.s., Rezidence Pragovka, s.r.o., NOVÁ ZBROJOVKA, s.r.o. and CPI - Krásné Březno, a.s. through additional contributions outside the registered share capitals of these entities.

The Company acquired majority voting rights in Polygon BC, a.s. and MQM Czech, a.s., considered as increase in the investments in these entities.

In June 2018, the Company sold 80 % of the shares of Bubny Development, s.r.o. to GSG Europe Beteiligungs GmbH. The Company however retained the majority voting rights in the entity.

The subsidiary Orco Project Limited was liquidated.

Undertakings in which the Company holds participation in their share capital are detailed in the following table. Results of value adjustments are reported in Note 13 and Note 18.

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2018
		as at	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	31.12.2018		
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Brillant 1419. GmbH	Germany	EUR	49.00%	23	--	23	(23)	--	(23)	--	--	(6)	2
Brillant 1419. GmbH & Co Verwaltungs KG	Germany	EUR	100.00%	1,385	--	1,385	(1,352)	(2)	(1,354)	33	31	31	(2)
Bubenská 1, a.s.	Czech Republic	CZK	100.00%	17,181	7,084	24,264	(12,616)	(30)	(12,645)	4,565	11,619	11,619	(9)
Bubny Development, s.r.o.*	Czech Republic	CZK	20.00%	79,233	(63,386)	15,847	--	--	--	79,233	15,847	132,506	1,409
BYTY PODKOVA, a.s.	Czech Republic	CZK	100.00%	80	--	80	--	--	--	80	80	11,594	542
Camuzzi, a.s.	Czech Republic	CZK	100.00%	2,232	--	2,232	--	(235)	(235)	2,232	1,997	1,997	(306)
CD Property s.r.o.	Czech Republic	CZK	100.00%	2,438	--	2,438	--	--	--	2,438	2,438	5,482	133
CEREM S.A.	Luxembourg	EUR	100.00%	31	--	31	(31)	--	(31)	--	--	(37,166)	--
CPI - Krásné Březno, a.s.	Czech Republic	CZK	100.00%	1,768	1,281	3,049	--	(979)	(979)	1,768	2,070	2,070	(1,296)
CPI - Land Development, a.s.	Czech Republic	CZK	100.00%	52,161	--	52,161	--	--	--	52,161	52,161	54,715	(330)
CPI South, s.r.o.	Czech Republic	CZK	90.00%	1,603	--	1,603	--	--	--	1,603	1,603	1,927	(44)
Development Doupovská, s.r.o.	Czech Republic	CZK	75.00%	3,046	--	3,046	(3,046)	--	(3,046)	--	--	(314)	(3)
Diana Property Sp. z o.o.	Poland	PLN	100.00%	777	--	777	--	--	--	777	777	1,418	164
Endurance Real Estate Management Company S.A.	Luxembourg	EUR	100.00%	125	--	125	(1)	1	--	124	125	129	5
Estate Grand, s.r.o.	Czech Republic	CZK	100.00%	8	--	8	--	--	--	8	8	4,066	2,798
Famiaco Limited	Cyprus	EUR	100.00%	1	--	1	(1)	--	(1)	--	--	--	--
HAGIBOR OFFICE BUILDING, a.s.	Czech Republic	CZK	100.00%	6,852	--	6,852	(6,852)	--	(6,852)	--	--	(6,742)	--

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2018
		as at	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	31.12.2018		
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Industrial Park Stříbro, s.r.o.	Czech Republic	CZK	100.00%	8	--	8	--	--	--	8	8	4,591	222
JIHOVÝCHODNÍ MĚSTO, a.s.	Czech Republic	CZK	100.00%	35,770	5,517	41,287	(35,069)	1,116	(33,953)	701	7,334	7,334	1,122
Karviná Property Development, a.s.	Czech Republic	CZK	100.00%	750	--	750	(3)	(26)	(29)	747	721	721	(21)
Land Properties, a.s. (formerly Družstvo Land)**	Czech Republic	CZK	100.00%	40,583	(2,531)	38,052	--	(835)	(835)	40,583	37,217	37,217	(231)
Marki Real Estate Sp. z o.o.	Poland	PLN	100.00%	22,282	--	22,282	(19,808)	100	(19,708)	2,474	2,574	2,574	174
MQM Czech, a.s.	Czech Republic	CZK	20.00%	2,697	539	3,237	--	(747)	(747)	2,697	2,490	12,450	(1,591)
NOVÁ ZBROJOVKA, s.r.o.	Czech Republic	CZK	100.00%	21,300	1,164	22,465	--	--	--	21,300	22,465	27,014	(1,123)
Nupaky a.s.	Czech Republic	CZK	100.00%	7,338	--	7,338	(3,595)	(28)	(3,623)	3,743	3,715	3,715	(1)
ORCO Blumentálska a.s.	Slovakia	EUR	100.00%	2,980	--	2,980	(2,980)	--	(2,980)	--	--	--	--
Orco Bucharest	Cyprus	EUR	100.00%	3	--	3	(3)	--	(3)	--	--	--	--
ORCO Project Limited*	Guernsey	GBP	--	5	(5)	--	(5)	5	--	--	--	--	--
Orco Project Sp. z o.o.	Poland	PLN	100.00%	701	--	701	(701)	--	(701)	--	--	--	--
Polygon BC, a.s.	Czech Republic	CZK	20.00%	7,277	1,455	8,733	--	(1,279)	(1,279)	7,277	7,454	37,269	112
Rezidence Pragovka, s.r.o.	Czech Republic	CZK	100.00%	12,422	4,657	17,079	--	--	--	12,422	17,079	23,774	404
Strakonice Property Develoment, a.s.	Czech Republic	CZK	100.00%	221	--	221	(80)	(4)	(84)	141	137	137	(4)
STRM Alfa, a.s.	Czech Republic	CZK	20.00%	5,110	--	5,110	--	--	--	5,110	5,110	28,062	973
STRM Beta, a.s.	Czech Republic	CZK	100.00%	5,224	--	5,224	--	--	--	5,224	5,224	6,183	87

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value	Net equity (***)	Result of 2018
		as at	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	31.12.2018		
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
STRM Gama, a.s.	Czech Republic	CZK	100.00%	8,016	--	8,016	(483)	99	(384)	7,533	7,632	7,632	154
Svitavy Property Development, a.s.	Czech Republic	CZK	100.00%	1,062	--	1,062	(848)	307	(541)	214	521	521	310
Szczecin Project sp. z o.o.	Poland	PLN	100.00%	338	--	338	(338)	--	(338)	--	--	--	--
Vinohrady S.á.r.l.	France	EUR	100.00%	8	--	8	(8)	--	(8)	--	--	(2,030)	(316)
Total				**343,039**	**(44,225)**	**298,814**	**(87,843)**	**(2,537)**	**(90,380)**	**255,196**	**208,434**		

(*) Company disposed partially or totally or liquidated during the financial year
(**) Acquisition occurred during the financial year
(***) Net equity calculation is based on unaudited Financial Statements in accordance with IFRS as adopted by EU

4.2 - Loans to affiliated undertakings

Name of the undertaking	Int. Rate	Maturity	Amount due 2018	Amount due 2017	Value Adjustments 2018	Value Adjustments 2017
			KEUR	KEUR	KEUR	KEUR
AIRPORT CITY INGATLANBEFEKTETÉSI Kft.	3.37%	December 31, 2024	10,192	9,049	--	--
AIRPORT CITY INGATLANBEFEKTETÉSI Kft.	4.51%	September 30, 2024	3,782	--	--	--
Airport City Phase B Kft.	3.03%	December 31, 2024	2,168	1,444	--	--
Andrassy Hotel Zrt.	2.63%	December 31, 2024	5,000	3,737	--	--
Andrássy Real Kft.	10.00%	December 31, 2025	11,099	1,019	--	--
ARENA CORNER INGATLANBEFEKTETÉSI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	5.00%	November 26, 2033	15,759	16,878	--	--
ARENA CORNER INGATLANBEFEKTETÉSI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	4.66%	September 30, 2025	22,114	--	--	--
Balvinder, a.s.	10.00%	December 31, 2026	501	1,518	--	--
Balvinder, a.s.	6.38%	December 31, 2024	4,363	4,363	--	--
Baudry Beta, a.s.	10.00%	December 31, 2023	--	1,281	--	--
Baudry Beta, a.s.	3.92%	December 31, 2024	11,168	11,783	--	--
Baudry, a.s.	6.00%	December 31, 2023	13,444	3,949	--	--
BAYTON Alfa, a.s.	12.00%	December 31, 2021	2,053	679	--	--
BAYTON Alfa, a.s.	12.00%	October 1, 2030	3,147	4,565	--	--
BAYTON Alfa, a.s.	7.76%	September 30, 2025	9,264	--	--	--
BAYTON ONE, s.r.o.	5.24%	September 30, 2024	50,563	--	--	--
BC 99 Office Park Kft.	4.51%	September 30, 2024	7,982	--	--	--
BC 99 Office Park Kft.	4.10%	September 30, 2025	5,518	--	--	--
Beroun Property Development, a.s.	5.59%	December 31, 2024	9,633	11,473	--	--
Best Properties South, a. s.	12.00%	December 31, 2026	3,141	978	--	--
Best Properties South, a. s.	12.00%	December 31, 2026	8,982	10,894	--	--
Best Properties South, a. s.	3.46%	September 30, 2025	54,674	--	--	--
Brandýs Logistic, a.s.	10.00%	December 31, 2023	611	3,746	--	--
Brandýs Logistic, a.s.	3.30%	December 31, 2024	15,177	14,621	--	--
Brno Property Development, a.s.	6.00%	December 31, 2026	1,178	1,364	--	--
Březiněves, a.s.	10.00%	December 31, 2025	7,141	9,247	--	--
Březiněves, a.s.	6.00%	December 31, 2025	1,048	499	--	--
Bubenská 1, a.s.	6.00%	December 31, 2023	--	2,031	--	--
Bubenská 1, a.s.	6.00%	December 31, 2024	--	4,502	--	--
Bubenská 1, a.s.	13.41%	September 30, 2024	4,550	--	--	--
Bubny Development, s.r.o.	6.00%	December 31, 2020	254	229	--	--
Budaörs Office Park Kft.	6.00%	December 31, 2023	--	5,767	--	--
Buy-Way Dunakeszi Kft.	3.17%	September 30, 2025	7,266	--	--	--
Buy-Way Soroksár Kft.	2.94%	September 30, 2025	2,011	--	--	--
Byty Lehovec, s.r.o.	14.08%	September 30, 2024	4	--	(4)	--
CAMPONA Shopping Center Kft.	10.00%	December 31, 2025	23,684	19,866	--	--
CAMPONA Shopping Center Kft.	4.51%	September 30, 2024	1,586	--	--	--
CAMPONA Shopping Center Kft.	4.16%	September 30, 2025	40,804	--	--	--
Camuzzi, a.s.	6.00%	December 31, 2026	912	832	--	--

Name of the undertaking	Int. Rate	Maturity	Amount due 2018	Amount due 2017	Value Adjustments 2018	Value Adjustments 2017
			KEUR	KEUR	KEUR	KEUR
Carpenter Invest, a.s.	10.00%	December 31, 2026	1,901	1,855	--	--
CB Property Development, a.s.	10.00%	December 31, 2026	--	11,555	--	--
CB Property Development, a.s.	5.17%	December 31, 2024	--	30,726	--	--
CD Property s.r.o.	10.00%	December 31, 2021	4,704	750	--	--
CD Property s.r.o.	6.00%	December 31, 2025	526	495	--	--
CD Property s.r.o.	5.92%	September 30, 2024	779	--	--	--
CEREM S.A.	8.00%	December 31, 2020	37,153	37,152	(37,153)	(37,152)
Conradian, a.s.	10.00%	December 31, 2026	5,120	5,089	--	(524)
CPI - Krásné Březno, a.s.	6.00%	December 31, 2025	18	1,164	--	--
CPI - Land Development, a.s.	6.00%	December 31, 2025	369	488	--	--
CPI - Orlová, a.s.	6.00%	December 31, 2030	1,030	1,147	--	--
CPI - Real Estate, a.s.	12.00%	December 31, 2026	513	1,093	--	--
CPI - Real Estate, a.s.	3.37%	September 30, 2025	2,571	--	--	--
CPI - Štupartská, a.s.	6.00%	December 31, 2023	1,692	2,000	--	--
CPI - Štupartská, a.s.	3.37%	December 31, 2024	3,994	4,032	--	--
CPI Alfa, a.s.	10.00%	December 31, 2023	--	1,332	--	--
CPI Alfa, a.s.	5.64%	December 31, 2024	9,562	10,998	--	--
CPI Beet, a.s.	14.22%	September 30, 2024	149	--	--	--
CPI Blatiny, s.r.o.	10.00%	June 29, 2022	3,316	1,709	(403)	(293)
CPI BYTY, a.s.	3.95%	September 7, 2025	121,376	--	--	--
CPI Delta, a.s.	10.00%	December 31, 2023	--	2,371	--	--
CPI Delta, a.s.	4.44%	December 31, 2024	717	794	--	--
CPI East,s.r.o.	12.00%	December 31, 2026	45,230	38,253	--	--
CPI East,s.r.o.	12.00%	December 31, 2026	606	538	--	--
CPI East,s.r.o.	6.17%	September 30, 2025	85,352	--	--	--
CPI Hotels Properties, a.s.	6.00%	December 31, 2030	--	1,504	--	--
CPI Hotels Properties, a.s.	6.46%	September 30, 2024	394	--	--	--
CPI IMMO	1.67%	December 31, 2024	3,797	3,514	(659)	(323)
CPI Jihlava Shopping, a.s.	10.00%	December 31, 2024	733	304	--	--
CPI Jihlava Shopping, a.s.	12.00%	December 31, 2024	9,207	11,203	--	--
CPI Kappa, s.r.o.	10.00%	December 31, 2024	1,331	1,511	--	--
CPI Kappa, s.r.o.	5.41%	December 31, 2024	157	--	--	--
CPI Lambda, a.s.	4.00%	September 30, 2024	20	--	--	--
CPI Meteor Centre, s.r.o.	12.00%	December 31, 2024	205	1,814	--	--
CPI Meteor Centre, s.r.o.	3.16%	December 31, 2024	16,731	16,521	--	--
CPI Národní, s.r.o.	3.10%	December 31, 2024	--	109,311	--	--
CPI Office Prague, s.r.o.	12.00%	December 31, 2023	12,424	11,171	--	--
CPI Office Prague, s.r.o.	10.00%	December 31, 2023	20,547	18,591	--	--
CPI Office Prague, s.r.o.	3.64%	September 30, 2025	61,628	--	--	--
CPI Palmovka Office, s.r.o.	9.03%	September 30, 2024	19	--	--	--
CPI Park Mlýnec, a.s.	6.00%	December 31, 2030	--	9	--	--
CPI Park Žďárek, a.s.	6.00%	December 31, 2026	2,596	2,428	--	--
CPI Property a Facility, s.r.o.	4.00%	December 31, 2024	328	--	--	--
CPI PROPERTY GROUP S.A.	2.47%	September 30, 2024	53,363	10,906	--	--

Name of the undertaking	Int. Rate	Maturity	Amount due 2018	Amount due 2017	Value Adjustments 2018	Value Adjustments 2017
			KEUR	KEUR	KEUR	KEUR
CPI Reality, a.s.	8.00%	December 31, 2021	1,192	1,107	--	--
CPI Reality, a.s.	5.14%	December 31, 2024	36,488	--	--	--
CPI Retail MB s.r.o.	4.44%	December 31, 2024	8,933	9,681	--	--
CPI Retail One Kft.	9.51%	December 31, 2024	9,480	9,000	(856)	(44)
CPI RETAIL PORTFOLIO HOLDING Kft.	10.00%	December 31, 2025	19,514	12,325	--	--
CPI Retail Portfolio I, a.s.	4.82%	September 30, 2024	7,972	--	--	--
CPI Retail Portfolio II, a.s.	4.13%	September 30, 2025	4,933	--	--	--
CPI Retail Portfolio IV, s.r.o.	4.13%	September 30, 2025	6,781	--	--	--
CPI Retail Portfolio V, s.r.o.	10.00%	December 31, 2024	746	1,471	(490)	(1,124)
CPI Retail Portfolio V, s.r.o.	4.13%	September 30, 2025	3,961	--	--	--
CPI Retail Portfolio VI, s.r.o.	4.13%	September 30, 2024	2,073	--	--	--
CPI Retail Portfolio VIII s.r.o.	10.00%	December 31, 2024	289	916	--	--
CPI Retail Portfolio VIII s.r.o.	4.82%	December 31, 2024	4,055	3,396	--	--
CPI Retails ONE, a.s.	10.00%	December 31, 2025	2,265	1,765	--	--
CPI Retails ONE, a.s.	5.59%	September 30, 2025	7,828	--	--	--
CPI Retails Rosa s.r.o.	10.00%	December 31, 2024	791	2,245	--	(29)
CPI Retails Rosa s.r.o.	10.58%	September 30, 2025	3,700	--	--	--
CPI Retails THREE, a.s.	10.00%	December 31, 2021	7,245	9,459	--	--
CPI Retails THREE, a.s.	5.96%	September 30, 2025	25,682	--	--	--
CPI Retails TWO, a.s.	10.00%	December 31, 2023	2,731	717	--	--
CPI Retails TWO, a.s.	5.28%	September 30, 2025	6,277	--	--	--
CPI Shopping MB, a.s.	10.00%	December 31, 2021	8,143	11,558	--	--
CPI Shopping MB, a.s.	9.16%	September 30, 2024	1,309	--	--	--
CPI Shopping MB, a.s.	3.76%	September 30, 2025	23,292	--	--	--
CPI Shopping Teplice, a.s.	10.00%	December 31, 2024	7,171	154	--	--
CPI Shopping Teplice, a.s.	10.00%	December 31, 2021	2,117	8,176	--	--
CPI Shopping Teplice, a.s.	3.16%	December 31, 2024	32,748	32,609	--	--
CPI South, s.r.o.	6.00%	May 24, 2022	68	9	--	--
CPI Vestec, s.r.o.	5.37%	September 30, 2025	6,857	--	--	--
Czech Property Investments, a.s.	5.00%	December 31, 2023	145,526	18,902	--	--
Czech Property Investments, a.s.	5.00%	May 9, 2028	182,410	--	--	--
Čadca Property Development, s.r.o.	10.00%	December 31, 2024	1,334	1,398	--	--
Čáslav Investments, a.s.	10.00%	December 31, 2025	182	630	--	--
Čáslav Investments, a.s.	6.88%	December 31, 2024	2,075	2,120	--	--
Český Těšín Property Development, a.s.	10.00%	December 31, 2021	--	331	--	--
Český Těšín Property Development, a.s.	5.25%	December 31, 2024	--	4,433	--	--
Data Trade s.r.o.	6.00%	December 31, 2020	355	333	(355)	(333)
Development Doupovská, s.r.o.	6.00%	December 31, 2020	10	6	(10)	(6)
Diana Property Sp. z o.o.	6.00%	December 31, 2020	94	89	--	--
Diana Property Sp. z o.o.	5.74%	December 31, 2024	2,794	2,876	--	--
Dienzenhoferovy sady 5, s.r.o.	4.92%	December 31, 2024	6,828	6,963	(783)	(664)
Dienzenhoferovy sady 5, s.r.o.	3.37%	September 30, 2024	411	--	--	--
EMH South, s.r.o.	12.00%	December 31, 2023	4,991	4,428	--	--

Name of the undertaking	Int. Rate	Maturity	Amount due 2018	Amount due 2017	Value Adjustments 2018	Value Adjustments 2017
			KEUR	KEUR	KEUR	KEUR
EMH South, s.r.o.	5.98%	September 30, 2025	5,311	--	--	--
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	6.00%	December 31, 2020	2,887	--	--	--
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	0.00%	December 31, 2020	12,459	--	--	--
Estate Grand, s.r.o.	6.00%	December 31, 2034	421	395	--	--
Europeum Kft.	2.67%	September 30, 2024	3,925	--	--	--
FAMIACO ENTERPRISES COMPANY LIMITED	6.00%	December 31, 2020	3,292	3,099	(3,292)	(3,099)
Farhan, a.s.	5.50%	December 31, 2026	53,891	22,257	--	--
FL Property Development, a.s.	6.00%	December 31, 2030	191	187	--	--
Gateway Office Park Kft.	2.90%	September 30, 2025	16,363	--	--	--
HAGIBOR OFFICE BUILDING, a.s.	6.00%	December 31, 2020	6,314	6,314	(6,314)	(6,314)
HAGIBOR OFFICE BUILDING, a.s.	1.00%	December 31, 2020	6	6	(6)	(6)
HD Investment s.r.o.	6.00%	December 31, 2020	52	6	--	--
Hightech Park Kft.	5.85%	September 30, 2025	3,827	--	--	--
Hospitality Invest S.a r.l.	1.00%	December 31, 2020	2,628	--	--	--
Hraničář, a.s.	6.00%	June 30, 2031	7,886	12,926	--	--
Hraničář, a.s.	4.13%	December 31, 2024	5,974	5,974	--	--
IGY2 CB, a.s.	10.00%	December 31, 2026	853	5,470	--	--
IGY2 CB, a.s.	5.42%	December 31, 2024	--	9,528	--	--
IS Nyír Kft.	10.00%	December 31, 2025	2,097	716	--	--
IS Zala Kft.	10.00%	December 31, 2025	8,446	2,837	--	--
Janáčkovo nábřeží 15, s.r.o.	7.56%	December 31, 2024	3,766	3,884	--	--
Jeseník Investments, a.s.	10.00%	December 31, 2021	--	477	--	--
Jeseník Investments, a.s.	7.58%	December 31, 2024	1,899	2,452	--	--
JIHOVÝCHODNÍ MĚSTO, a.s.	6.00%	December 31, 2020	273	4,910	--	--
Karviná Property Development, a.s.	6.00%	December 31, 2021	709	661	--	--
Kerina, a.s.	12.00%	December 31, 2026	--	1,954	--	--
Kerina, a.s.	4.35%	December 31, 2024	6,756	6,957	--	--
KOENIG Shopping, s.r.o. (formerly Nový Projekt CPI, s.r.o.)	12.00%	December 31, 2024	21,646	20,290	--	--
KOENIG Shopping, s.r.o. (formerly Nový Projekt CPI, s.r.o.)	12.00%	December 31, 2024	3,691	--	--	--
KOENIG Shopping, s.r.o. (formerly Nový Projekt CPI, s.r.o.)	7.40%	September 30, 2025	35,600	--	--	--
KOENIG, s.r.o. (merged with Nový Projekt CPI, s.r.o.)	12.00%	December 31, 2024	--	3,288	--	--
Kolín Centrum a.s. (merged with CPI Kappa, s.r.o.)	5.41%	December 31, 2024	--	4	--	--
Komárno Property Development, a.s.	10.00%	December 31, 2024	2,442	2,700	--	--
LD Praha, a.s.	12.00%	December 31, 2026	1,986	1,680	--	--
LD Praha, a.s.	6.14%	September 30, 2025	3,463	--	--	--
Levice Property Development, a.s.	10.00%	December 31, 2024	3,928	3,934	--	--
Liptovský Mikuláš Property Development, a.s.	10.00%	December 31, 2024	4,410	3,937	(20)	--
Lockhart, a.s.	8.50%	December 31, 2026	5,039	9,059	--	--
Lockhart, a.s.	3.16%	December 31, 2024	13,918	13,772	--	--
Lockhart, a.s.	14.22%	September 30, 2024	677	--	--	--

Name of the undertaking	Int. Rate	Maturity	Amount due 2018	Amount due 2017	Value Adjustments 2018	Value Adjustments 2017
			KEUR	KEUR	KEUR	KEUR
Lucemburská 46, a.s.	2.78%	December 31, 2024	8,693	9,033	--	--
Malerba, a.s.	6.00%	December 31, 2023	117	179	--	--
Marissa Gama, a.s.	10.00%	December 31, 2021	796	7,984	--	--
Marissa Gama, a.s.	4.21%	December 31, 2024	40,146	40,443	--	--
Marissa Kappa, a.s.	6.00%	December 31, 2025	3,949	3,717	--	--
Marissa Omikrón, a.s.	10.00%	December 31, 2023	4,558	8,612	--	--
Marissa Omikrón, a.s.	3.74%	December 31, 2024	18,173	18,307	--	--
Marissa Tau, a.s.	10.00%	December 31, 2026	6,377	6,222	--	--
Marissa Théta, a.s.	3.37%	December 31, 2024	1,628	--	--	--
Marissa West, a.s.	10.00%	December 31, 2021	32,998	28,997	--	--
Marissa Yellow, a.s.	12.00%	December 31, 2026	8,952	9,636	--	--
Marissa Ypsilon, a.s.	10.00%	December 31, 2021	7,352	13,501	--	--
Marissa Ypsilon, a.s.	5.01%	December 31, 2024	31,099	31,166	--	--
Marissa, a.s.	6.00%	December 31, 2030	20,882	10,276	--	--
MB Futurum HK s.r.o.	3.56%	September 30, 2024	43,008	--	--	--
MB Property Development, a.s.	4.13%	December 31, 2024	1,066	1,594	--	--
Michalovce Property Development, a.s.	10.00%	December 31, 2024	4,717	4,687	--	--
Modřanská Property, a.s.	10.00%	December 31, 2021	--	6,927	--	--
MQM Czech, a.s.	5.32%	September 30, 2024	236	--	--	--
MUXUM, a.s.	10.00%	January 29, 2026	2,307	4,062	--	--
MUXUM, a.s.	3.13%	September 30, 2025	2,518	--	--	--
Na Poříčí, a.s.	12.00%	December 31, 2023	--	3,813	--	--
Na Poříčí, a.s.	6.49%	December 31, 2024	30,388	27,030	--	--
New Age Kft.	5.85%	September 30, 2025	567	--	--	--
NOVÁ ZBROJOVKA, s.r.o.	5.00%	December 31, 2020	2,672	1,849	--	--
NOVÁ ZBROJOVKA, s.r.o.	14.15%	September 30, 2024	4,686	--	--	--
Nupaky a.s.	6.00%	December 31, 2020	242	225	--	--
OC Nová Zdaboř a.s.	4.97%	December 31, 2024	8,916	12,325	--	--
OC Spektrum, s.r.o.	10.00%	December 31, 2021	4,727	4,833	(876)	--
OC Spektrum, s.r.o.	3.90%	December 31, 2024	6,234	6,387	(6,234)	--
OC Spektrum, s.r.o.	11.24%	September 30, 2024	24	--	--	--
OFFICE CENTER HRADČANSKÁ, a.s.	10.00%	December 31, 2024	2,203	--	--	--
OFFICE CENTER HRADČANSKÁ, a.s.	6.12%	September 30, 2025	10,089	--	--	--
Office Center Poštová, s.r.o.	6.00%	December 31, 2024	1,981	2,227	--	--
Office Center Poštová, s.r.o.	3.16%	December 31, 2024	2,675	2,675	--	--
Olomouc City Center, a.s.	6.00%	December 31, 2026	6,416	11,853	--	(371)
Olomouc City Center, a.s.	9.53%	September 30, 2025	2,414	--	--	--
Olomouc Office, a.s.	12.00%	January 29, 2026	967	2,226	--	--
Olomouc Office, a.s.	5.74%	September 30, 2025	5,501	--	--	--
ORCO Blumentálska a.s.	8.00%	December 31, 2020	13,011	13,011	(13,011)	(13,011)
ORCO PROJECT sp. z o.o.	0.00%	December 31, 2020	148	148	(148)	(148)
Outlet Arena Moravia, s.r.o.	4.67%	December 31, 2024	1,951	2,500	--	(12)
Ozrics Kft.	2.63%	December 31, 2024	2,469	3,087	--	--
Pelhřimov Property Development	10.00%	December 31, 2023	274	929	--	--

Name of the undertaking	Int. Rate	Maturity	Amount due 2018	Amount due 2017	Value Adjustments 2018	Value Adjustments 2017
			KEUR	KEUR	KEUR	KEUR
Pelhřimov Property Development	5.23%	December 31, 2024	2,466	2,479	--	--
Polus Shopping Center Zrt.	10.00%	December 31, 2025	15,764	23,481	--	--
Polus Shopping Center Zrt.	4.02%	September 30, 2025	46,813	--	--	--
Polygon BC, a.s.	5.32%	September 30, 2024	644	--	--	--
Považská Bystrica Property Development, a.s.	10.00%	December 31, 2024	1,494	2,677	--	--
Prievidza Property Development, a.s.	10.00%	December 31, 2024	3,493	3,102	--	--
Projekt Nisa, s.r.o.	12.00%	December 31, 2026	14,852	12,125	--	--
Projekt Nisa, s.r.o.	12.00%	December 31, 2026	17,493	15,527	--	--
Projekt Nisa, s.r.o.	6.64%	September 30, 2025	49,265	--	--	--
Projekt Zlatý Anděl, s.r.o.	12.00%	December 31, 2026	35,926	30,675	--	--
Projekt Zlatý Anděl, s.r.o.	12.00%	December 31, 2026	476	423	--	--
Projekt Zlatý Anděl, s.r.o.	6.00%	September 30, 2025	66,351	--	--	--
Příbor Property Development, s.r.o.	6.79%	December 31, 2024	319	416	--	--
Residence Belgická, s.r.o.	4.61%	December 31, 2024	1,778	1,883	--	--
Residence Izabella Zrt.	2.63%	December 31, 2024	4,486	3,396	--	--
REZIDENCE MASARYKOVA 36, s.r.o. (merged with Marissa Théta, a.s.)	6.00%	December 31, 2024	--	43	--	--
REZIDENCE MASARYKOVA 36, s.r.o. (merged with Marissa Théta, a.s.)	3.37%	December 31, 2024	--	1,772	--	--
Rezidence Pragovka, s.r.o.	6.00%	December 31, 2020	--	3,764	--	--
Spišská Nová Ves Property Development, a.s.	10.00%	December 31, 2024	3,969	3,604	(1,304)	(197)
Statenice Property Development, a.s.	6.00%	December 31, 2025	1,970	1,842	--	--
Strakonice Property Development, a.s.	6.00%	January 29, 2026	48	45	--	--
STRM Alfa, a.s.	6.00%	December 31, 2020	--	32	--	--
STRM Beta , a.s.	6.00%	December 31, 2020	201	197	--	--
STRM Gama, a.s.	6.00%	December 31, 2020	81	73	--	--
Svitavy Property Alfa, a.s.	10.00%	December 31, 2023	4,736	4,801	--	--
Svitavy Property Alfa, a.s.	7.29%	September 30, 2025	4,693	--	--	--
Svitavy Property Development, a.s.	6.00%	December 31, 2030	399	783	--	--
SZCZECIN PROJECT sp. z o.o.	6.00%	December 31, 2020	13,776	5,208	(13,776)	(5,208)
SZCZECIN PROJECT sp. z o.o.	6.00%	December 31, 2020	779	554	(779)	(554)
Telč Property Development a.s.	6.00%	December 31, 2030	372	455	--	--
Tepelné hospodářství Litvínov s.r.o. (formerly Tepelná Litvínov, s.r.o.)	3.71%	December 31, 2024	563	5,049	--	(345)
Trebišov Property Development, s.r.o.	10.00%	December 31, 2024	281	399	--	--
Trutnov Property Development, a.s.	10.00%	December 31, 2023	--	5,421	--	--
Trutnov Property Development, a.s.	4.18%	December 31, 2024	--	13,943	--	--
Třinec Investments, s.r.o.	10.00%	December 31, 2025	365	993	--	--
Třinec Investments, s.r.o.	4.62%	December 31, 2024	2,139	2,183	--	--
Třinec Property Development, a.s.	7.59%	December 31, 2024	4,158	4,949	--	--
Tyršova 6, a.s.	2.82%	December 31, 2024	1,944	4,743	--	--
U svatého Michala, a.s	6.00%	December 31, 2025	3,061	2,921	--	--
Vigano, a.s.	10.00%	December 31, 2026	8,360	7,515	--	--
VINOHRADY SARL	6.00%	December 31, 2020	1,821	1,512	(1,821)	(1,512)

Name of the undertaking	Int. Rate	Maturity	Amount due 2018	Amount due 2017	Value Adjustments 2018	Value Adjustments 2017
			KEUR	KEUR	KEUR	KEUR
Vyškov Property Development, a.s.	10.00%	December 31, 2024	--	1,081	--	--
Vyškov Property Development, a.s.	5.33%	December 31, 2024	3,293	4,823	--	--
ZLATICO LIMITED	10.00%	December 31, 2025	--	6,530	--	--
Ždírec Property Development	10.00%	December 31, 2026	305	454	--	--
Ždírec Property Development	4.78%	December 31, 2024	409	420	--	--
Others	--	--	6	--	--	--
Total			**2,377,084**	**1,268,166**	**(88,294)**	**(71,269)**
Value adjustments			(88,294)	(71,269)		
Net value			**2,288,790**	**1,196,897**		

Results of value adjustments are reported in Note 18.

4.3 - Participating interests

As at December 31, 2018, the Company holds participating interest as below:

Name of the participating interest	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value
	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	31.12.2018
		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Uniborc S.A.	35.00%	603	16	620	--	--	--	603	620
Total		**603**	**16**	**620**	**--**	**--**	**--**	**603**	**620**

4.4 - Loans to undertakings with which the undertaking is linked by virtue of participating interests

Name of the participating interest	Int. Rate	Maturity	2018	2017
			KEUR	KEUR
Uniborc S.A.	3M EURIBOR +7.00 %	April 29, 2023	10,265	9,599
Uniborc S.A.	3M EURIBOR +7.00 %	May 30, 2023	104	711
Total			**11,026**	**10,310**
Value adjustments			--	--
Net value			**11,026**	**10,310**

The Company concluded two new term loan agreements with Uniborc S.A. in 2018. The conditions of the new contracts are similar to previous loan agreements, except for the respective maturities which have been extended by 5 years.

4.5 - Investments held as fixed assets

As of December 31, 2018, the Company is holding investments held as fixed assets as follows:

Name of the undertaking	Country	Cur.	% held	Cost	Cost change	Cost	Accumulated Impairment	Reversal of impairment / (Impairment)	Accumulated Impairment	Carrying Value	Carrying Value
		as at	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	in 2018	31.12.2018	31.12.2017	31.12.2018
				KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
CPI PROPERTY GROUP S.A.	LUX	EUR	2.80%	81,104	--	81,104	(26,991)	8,385	(18,606)	54,113	62,498
SCP KANDLER	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP AILEY	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP CISKEY	MCO	EUR	0.10%	1	--	1	(1)	--	(1)	--	--
SCP NEW BLUE BIRD	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP CAYO	MCO	EUR	0.10%	5	--	5	--	--	--	5	5
SCP VILLA DE TAHITI	MCO	EUR	0.10%	7	--	7	(2)	2	--	5	7
SCP MADRID	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
SCP PIERRE CHARRON	MCO	EUR	0.10%	--	--	--	--	--	--	--	--
Total undertakings				**81,117**	**--**	**81,117**	**(26,994)**	**8,387**	**(18,607)**	**54,123**	**62,510**
Deposit bank account										**76**	**76**
Total				**81,117**	**--**	**81,117**	**(26,994)**	**8,387**	**(18,607)**	**54,199**	**62,586**

Investment in CPI Property Group S.A.

As at December 31, 2018, the Company owns 252,302,248 shares of CPI Property Group S.A., which represents approximately 2.80% of the shareholding. The shares are valued at the lower of historical cost and EPRA NAV value. As at December 31, 2018, EPRA NAV per share of CPI Property Group S.A., EUR 0.49 (2017: EUR 0.41) differs from the price at the stock-exchange, EUR 0.68 (2017: EUR 0.65).

The detailed calculation of EPRA NAV per share of CPI PG is presented in the Annual management report, available at www.cpipg.com.

NOTE 5 - CURRENT ASSETS

5.1 - Amounts owed by affiliated undertakings becoming due and payable within one year

The amounts owed by affiliated undertakings becoming due and payable within one year contain principals, accrued interest, other receivables and trade receivables on amounts owed by affiliated undertakings.

				Amount due		Value adjustments	
				2018	2017	2018	2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Other	Interest	Total	Total	Total	Total
AIRPORT CITY INGATLANBEFEKTETÉSI Kft.	--	--	129	129	50	--	--
Airport City Phase B Kft.	--	--	17	17	7	--	--
Andrassy Hotel Zrt.	--	--	29	29	22	--	--
ARENA CORNER INGATLANBEFEKTETÉSI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	--	--	260	260	--	--	--
Balvinder, a.s.	--	--	71	71	58	--	--
Baudry Beta, a.s.	--	--	198	198	89	--	--
BAYTON Alfa, a.s.	--	--	125	125	--	--	--
BAYTON Gama, a.s.	--	--	--	--	3	--	--
BAYTON ONE, s.r.o.	--	--	689	689	--	--	--
BC 99 Office Park Kft.	--	--	157	157	--	--	--
Beroun Property Development, a.s.	--	--	139	139	61	--	--
Best Properties South, a. s.	--	--	328	328	--	--	--
Brandýs Logistic, a.s.	--	--	130	130	112	--	--
Březiněves, a.s.	--	--	--	--	2	--	--
Bubenská 1, a.s.	--	--	--	--	51	--	--
Bubny Development, s.r.o.	--	--	15	15	7	--	--
Buy-Way Dunakeszi Kft.	--	--	11	11	--	--	--
Buy-Way Soroksár Kft.	--	--	3	3	--	--	--
CAMPONA Shopping Center Kft.	--	--	111	111	--	--	--
Carpenter Invest, a.s.	--	--	--	--	6	--	--
CB Property Development, a.s.	--	--	102	102	180	--	--
CD Property s.r.o.	--	--	3	3	2	--	--
Conradian, a.s.	--	--	--	--	14	--	--
CPI - Krásné Březno, a.s.	--	--	--	--	3	--	--
CPI - Orlová, a.s.	--	--	--	--	3	--	--
CPI - Real Estate, a.s.	--	--	12	12	--	--	--
CPI - Štupartská, a.s.	--	--	34	34	34	--	--
CPI Alfa, a.s.	--	--	209	209	128	--	--
CPI Beet, a.s.	--	--	4	4	--	--	--
CPI BYTY, a.s.	--	46	1,489	1,535	--	--	--
CPI Delta, a.s.	--	--	243	243	15	--	--
CPI East,s.r.o.	--	--	205	205	--	--	--
CPI Hotels Properties, a.s.	--	--	12	12	2	--	--
CPI IMMO	--	--	68	68	13	--	--

				Amount due 2018	Amount due 2017	Value adjustments 2018	Value adjustments 2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Other	Interest	Total	Total	Total	Total
CPI Kappa, s.r.o.	--	--	2	2	--	--	--
CPI Meteor Centre, s.r.o.	--	--	136	136	119	--	--
CPI Národní, s.r.o.	--	--	--	--	109	--	--
CPI Office Prague, s.r.o.	--	--	71	71	--	--	--
CPI Park Žďárek, a.s.	--	--	--	--	6	--	--
CPI Property a Facility, s.r.o.	--	--	2	2	--	--	--
CPI PROPERTY GROUP S.A.	--	1	2,250	2,251	7,910	--	--
CPI Reality, a.s.	--	--	1,114	1,114	--	--	--
CPI Residential, a.s.	--	1,943	--	1,943	--	--	--
CPI Retail MB s.r.o.	--	--	102	102	89	--	--
CPI Retail One Kft.	--	--	457	457	62	--	--
CPI Retail Portfolio I, a.s.	--	--	37	37	--	--	--
CPI Retail Portfolio II, a.s.	--	--	39	39	14	--	--
CPI Retail Portfolio IV, s.r.o.	--	--	53	53	--	--	--
CPI Retail Portfolio V, s.r.o.	--	--	31	31	3	--	--
CPI Retail Portfolio VI, s.r.o.	--	--	16	16	--	--	--
CPI Retail Portfolio VIII s.r.o.	--	--	47	47	38	--	--
CPI Retails ONE, a.s.	--	--	29	29	14	--	--
CPI Retails Rosa s.r.o.	--	--	99	99	--	--	--
CPI Retails THREE, a.s.	--	--	327	327	--	--	--
CPI Retails TWO, a.s.	--	--	11	11	--	--	--
CPI Services, a.s.	--	139	--	139	--	--	--
CPI Shopping MB, a.s.	--	--	216	216	--	--	--
CPI Shopping Teplice, a.s.	--	--	227	227	209	--	--
CPI Vestec, s.r.o.	--	--	34	34	--	--	--
CPIPG Management S.à r.l.	--	19	--	19	8	--	--
Czech Property Investments, a.s.	--	--	6,663	6,663	52	--	--
Čáslav Investments, a.s.	--	--	36	36	28	--	--
Český Těšín Property Development, a.s.	--	--	--	--	41	--	--
Data Trade s.r.o.	--	--	23	23	20	(23)	(20)
Development Doupovská, s.r.o.	--	--	1	1	--	(1)	--
Diana Property Sp. z o.o.	--	--	41	41	31	--	--
Dienzenhoferovy sady 5, s.r.o.	--	--	88	88	77	--	--
Efimacor S.á.r.l.	--	15	--	15	57	--	(46)
EMH South, s.r.o.	--	--	10	10	--	--	--
ENDURANCE HOSPITALITY ASSET S.á.r.l.	--	29	--	29	18	--	--
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	--	3,604	693	4,297	18	--	--
Estate Grand, s.r.o.	--	--	27	27	24	--	--
Europeum Kft.	--	--	31	31	--	--	--
FAMIACO ENTERPRISES COMPANY LIMITED	--	--	197	197	186	(197)	(186)

				Amount due		Value adjustments	
				2018	2017	2018	2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Other	Interest	Total	Total	Total	Total
GAMALA LIMITED	54,804	--	1,400	56,204	55,091	--	--
Gateway Office Park Kft.	--	--	24	24	--	--	--
Gewerbesiedlungs-Gessellschaft mbH	--	546	--	546	--	--	--
HAGIBOR OFFICE BUILDING, a.s.	--	--	94	94	94	(94)	(94)
Hightech Park Kft.	--	--	91	91	--	--	--
Hospitality Invest S.a r.l.	--	3	2,758	2,761	--	--	--
Hraničář, a.s.	--	--	63	63	58	--	--
IGY2 CB, a.s.	--	--	32	32	82	--	--
Janáčkovo nábřeží 15, s.r.o.	--	--	76	76	66	--	--
Jeseník Investments, a.s.	--	--	38	38	33	--	--
JIHOVÝCHODNÍ MĚSTO, a.s.	--	--	--	--	320	--	--
Kerina, a.s.	--	--	77	77	71	--	--
KOENIG Shopping, s.r.o. (formerly Nový Projekt CPI, s.r.o.)	--	--	94	94	--	--	--
LD Praha, a.s.	--	--	6	6	--	--	--
Lockhart, a.s.	--	--	154	154	88	--	--
Lucemburská 46, a.s.	--	--	63	63	57	--	--
Marissa Gama, a.s.	--	--	432	432	151	--	--
Marissa Kappa, a.s.	--	--	27	27	27	--	--
Marissa Omikrón, a.s.	--	--	174	174	61	--	--
Marissa Théta, a.s.	--	--	15	15	--	--	--
Marissa West, a.s.	--	--	--	--	57	--	--
Marissa Ypsilon, a.s.	--	--	398	398	205	--	--
MB Futurum HK s.r.o.	--	--	403	403	--	--	--
MB Property Development, a.s.	--	--	13	13	14	--	--
MMR RUSSIA S.A R.L.	--	29	--	29	31	--	--
MQM Czech, a.s.	--	--	3	3	--	--	--
MUXUM, a.s.	--	--	20	20	--	--	--
Na Poříčí, a.s.	--	--	529	529	120	--	--
New Age Kft.	--	--	13	13	--	--	--
NOVÁ ZBROJOVKA, s.r.o.	--	--	352	352	51	--	--
Nupaky a.s.	--	--	15	15	14	--	--
OC Nová Zdaboř a.s.	--	--	115	115	123	--	--
OC Spektrum, s.r.o.	--	--	66	66	52	--	--
OFFICE CENTER HRADČANSKÁ, a.s.	--	--	109	109	--	--	--
Office Center Poštová, s.r.o.	--	--	43	43	19	--	--
Olomouc City Center, a.s.	--	--	8	8	--	--	--
Olomouc Office, a.s.	--	--	68	68	--	--	--
ORCO Blumentálska a.s.	--	--	715	715	715	(715)	(715)
ORCO PROJECT sp. z o.o.	--	--	2	2	2	(2)	(2)
Outlet Arena Moravia, s.r.o.	--	--	29	29	16	--	--
Ozrics Kft.	--	--	19	19	18	--	--

				Amount due		Value adjustments	
				2018	2017	2018	2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Other	Interest	Total	Total	Total	Total
Pelhřimov Property Development	--	--	33	33	24	--	--
Polus Shopping Center Zrt.	--	--	103	103	--	--	--
Polygon BC, a.s.	--	--	7	7	--	--	--
Projekt Nisa, s.r.o.	--	--	129	129	--	--	--
Projekt Zlatý Anděl, s.r.o.	--	--	154	154	--	--	--
Příbor Property Development, s.r.o.	--	--	12	12	5	--	--
Ravento S.á.r.l.	--	18	--	18	14	--	--
Residence Belgická, s.r.o.	--	--	22	22	20	--	--
Residence Izabella Zrt.	--	--	28	28	20	--	--
REZIDENCE MASARYKOVA 36, s.r.o. (merged with Marissa Théta, a.s.)	--	--	--	--	8	--	--
Rezidence Pragovka, s.r.o.	--	--	66	66	305	--	--
ST Project Limited	--	--	--	--	3,556	--	--
Statenice Property Development, a.s.	--	--	--	--	4	--	--
STRM Alfa, a.s.	--	--	--	--	2	--	--
STRM Beta , a.s.	--	--	13	13	9	--	--
STRM Gama, a.s.	--	--	5	5	3	--	--
Svitavy Property Alfa, a.s.	--	--	60	60	--	--	--
Svitavy Property Development, a.s.	--	--	--	--	2	--	--
Telč Property Development a.s.	--	--	--	--	2	--	--
Tepelné hospodářství Litvínov s.r.o. (formerly Tepelná Litvínov, s.r.o.)	--	--	14	14	5	--	--
Trutnov Property Development, a.s.	--	--	9	9	102	--	--
Třinec Investments, s.r.o.	--	--	25	25	19	--	--
Třinec Property Development, a.s.	--	--	86	86	33	--	--
Tyršova 6, a.s.	--	--	26	26	30	--	--
U svatého Michala, a.s	--	--	--	--	8	--	--
Vigano, a.s.	--	--	--	--	24	--	--
VINOHRADY SARL	--	--	109	109	90	(109)	(90)
Vítek Radovan	--	1,482	--	1,482	--	--	--
Vyškov Property Development, a.s.	--	--	46	46	50	--	--
Ždírec Property Development	--	--	5	5	5	--	--
Others	--	--	2	2	6	--	--
Total	**54,804**	**7,874**	**27,395**	**90,073**	**71,977**	**(1,141)**	**(1,163)**
Value adjustments	--	--	(1,141)	(1,141)	(1,163)		
Net value	**54,804**	**7,874**	**26,254**	**88,932**	**70,814**		

5.2 - Amounts owed by affiliated undertakings becoming due and payable after more than one year

As at December 31, 2018, the Company recognized consideration to CPI Property Group S.A. in the amount KEUR 7,852. The maturity date of the consideration was July 31, 2020.

5.3 - Amounts owed by undertakings with which the undertaking is linked by virtue of participating interest becoming due and payable within one year

				2018	2017
	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Other	Interest	Total	Total
Uniborc S.A.	--	--	126	126	117
Total	**--**	**--**	**126**	**126**	**117**
Value adjustments	--	--	--	--	--
Net value	**--**	**--**	**126**	**126**	**117**

5.4 - Other debtors becoming due and payable within one year

The amounts owed by other debtors becoming due and payable within one year have been considered as follows:

				Amount due		Value adjustments	
				2018	2017	2018	2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Other	Interest	Total	Total	Total	Total
RUNA KHAN	--	3	--	3	3	--	--
PSJ, a.s.	--	100	--	100	100	(100)	(100)
GRANDHOTEL ZLATÝ LEV a.s.	--	--	--	--	9	--	--
Vojes a.s. (liquidated)	--	--	--	--	140	--	(140)
Steven Leonard Davis	--	100	--	100	100	(100)	(100)
Madame Tove THYES	--	6	--	6	6	--	--
Bruno Fritsch	--	303	--	303	303	(303)	(303)
Others	--	316	--	316	316	(316)	(316)
Tax authorities	--	424	--	424	463	--	
Total	**--**	**1,252**	**--**	**1,252**	**1,440**	**(819)**	**(959)**
Value adjustments	--	(819)	--	(819)	(959)		
Net value	**--**	**433**	**--**	**433**	**481**		

NOTE 6 - CAPITAL AND RESERVES

Subscribed capital and share premium account

The subscribed and fully paid-up capital of the Company of EUR 13,145,076.29 (2017: EUR 13,145,076.29) is represented by 1,314,507,629 ordinary shares (2017: 1,314,507,629). 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.

Securities giving access to equity (warrants)

Within the authorized capital, the Board of Directors decided to issue Bonds with Warrants ("OBSAR") without preferential subscription rights:

"2012 Warrants" issued under the ISIN code LU0234878881 with the following major terms: number of outstanding 2012 Warrants: 21,161; exercise ratio: one warrant gives the right to subscribe to 1.03 share; exercise period: December 31, 2019; exercise price: EUR 7.21; listing: Euronext Paris.

"2014 Warrants" issued under the ISIN code XS0290764728 with the following major terms: number of outstanding 2014 Warrants: 2,871,021; exercise ratio: one warrant gives the right to subscribe to 1.73 share; exercise period: December 31, 2019; exercise price: EUR 11.20; listing: Euronext Brussels and Paris.

Under the Securities Note and Summary dated March 22, 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 March 22, 2007) could result in a liability for the Company due to "Change of Control Compensation Amount" of up to EUR 23,685,923.25. According to the Securities Note and Summary each 2014 Warrant would need to be repurchased by the Company at a price of EUR 8.25/ 2014 Warrant in the event of a Change of Control. This price per 2014 Warrant decreases as time goes by. Change of Control is defined as "the acquisition or control of more than 50 per cent of the voting rights of that entity or (b) the right to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise [.]" The Change of Control Compensation Amount with respect to 2014 Warrants has been admitted in the Company's Safeguard plan in the amount of EUR 707,826.24. The Company holds 1,361,679 2014 Warrants (2017: 1,361,679).

Legal reserve

In accordance with the Commercial Company Law, the Company must appropriate to the legal reserve a minimum of 5% of the annual net profit until such reserve equals 10% of the subscribed capital. Distribution by way of dividends of the legal reserve is prohibited.

Movements in capital and reserves

	Subscribed capital	Share premium account	Legal reserve	Profit / loss brought forward	Profit / loss for the financial year	TOTAL
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As at December 31, 2017	**13,145**	**784,670**	**448,132**	**(1,007,769)**	**35,449**	**273,627**
Allocation of previous year's result	-	-	-	35,449	(35,449)	--
Profit/ loss for the financial year	-	-	-	-	119,547	119,547
As at December 31, 2018	**13,145**	**784,670**	**448,132**	**(972,320)**	**119,547**	**393,174**

NOTE 7 - AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

7.1 - Amounts owed to affiliated undertakings, becoming due and payable within one year

The following amounts owed to affiliated undertakings are considered:

				2018				2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
BC 30 Property Kft.	--	295	--	295	--	--	--	--
BC 91 Real Estate Kft.	--	130	--	130	--	--	--	--
BPT Development, a.s.	389	--	--	389	--	--	--	--
Brno Property Development, a.s.	23,956	180	--	24,136	--	--	--	--
BYTY PODKOVA, a.s.	--	642	--	642	--	617	--	617
CPI - Bor, a.s	1,857	63	--	1,920	2,016	48	--	2,064
CPI - Horoměřice, a.s.	268	2	--	270	--	--	--	--
CPI - Zbraslav, a.s.	2,755	145	--	2,900	2,692	63	--	2,755
CPI Energo, a.s.	--	3	--	3	--	--	--	--
CPI Epsilon, a.s.	5,245	207	--	5,452	4,676	59	--	4,735
CPI Finance (BVI) Limited	--	--	25,000	25,000	--	--	--	--
CPI Hotels Properties, a.s.	1,675	2	--	1,677	--	--	--	--
CPI Hotels, a.s.	--	--	17,936	17,936	--	--	18,069	18,069
CPI Hungary Kft.	762	1	--	763	--	--	--	--
CPI Management, s.r.o.	--	--	513	513	--	--	1	1
CPI Národní, s.r.o.	7,437	90	--	7,527	--	--	--	--
CPI Palmovka Office, s.r.o.	--	--	394	394	--	--	--	--
CPI Park Mlýnec, a.s.	82	--	--	82	--	--	--	--
CPI PROPERTY GROUP S.A.	--	15,634	16,113	31,747	--	1,531	15,489	17,020
CPI Reality, a.s.	--	--	--	--	292	10	--	302
CPI Retail Portfolio I, a.s.	--	--	--	--	1,743	22	--	1,765
CPI Retail Portfolio II, a.s.	--	--	--	--	2,997	41	--	3,038
CPI Retail Portfolio III, s.r.o.	--	--	--	--	1,664	21	--	1,685
CPI Retail Portfolio IV, s.r.o.	--	--	--	--	491	12	--	503
CPI Retail Portfolio VI, s.r.o.	--	--	--	--	304	8	--	312
CPI Retail Portfolio VII, s.r.o.	--	--	--	--	435	11	--	446
CPI Services, a.s.	--	--	2,094	2,094	--	--	2	2

	2018				2017			
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Czech Property Investments, a.s.	--	--	21,962	21,962	--	24,868	21,962	46,830
Darilia, a.s.	23	--	--	23	--	--	--	--
Endurance Real Estate Management Company S.A.	--	7	--	7	--	11	--	11
FELICIA SHOPPING CENTER SRL	--	--	--	--	--	--	3	3
GSG Europa Beteiligungs GmbH	--	--	798	798	--	--	84,034	84,034
HOTEL U PARKU, s.r.o.	214	--	--	214	--	--	--	--
Industrial Park Stříbro, s.r.o.	--	150	--	150	--	131	--	131
Janáčkovo nábřeží 15, s.r.o.	8,228	18	--	8,246	--	--	--	--
Jetřichovice Property, a.s.	279	2	--	281	--	--	--	--
Land Properties, a.s. (formerly Družstvo Land)	186	5	--	191	142	2	--	144
Lucemburská 46, a.s.	2,469	5	--	2,474	--	--	--	--
MUXUM, a.s.	--	--	--	--	3,409	85	583	4,077
Nymburk Property Development, a.s.	7,032	401	--	7,433	6,453	199	--	6,652
OFFICE CENTER HRADČANSKÁ, a.s.	1	4	--	5	99	2	--	101
PROJECT FIRST a.s.	5,313	39	--	5,352	--	--	--	--
Residence Belgická, s.r.o.	198	--	--	198	--	--	--	--
ST Project Limited	--	3,135	3,915	7,050	--	310	--	310
Trněný Milan	--	--	3	3	--	--	--	--
Vítek Radovan	--	--	3	3	--	--	--	--
Others	--	--	1	1	--	--	2	2
Total	**68,369**	**21,160**	**88,732**	**178,261**	**27,413**	**28,051**	**140,145**	**195,609**

7.2 - Amounts owed to affiliated undertakings, becoming due and payable after more than one year

The following amounts owed to affiliated undertakings are considered:

Name of the undertaking	Int. Rate	Maturity	2018	2017
			KEUR	KEUR
BC 30 Property Kft.	3.00%	December 31, 2022	11,472	--
BC 91 Real Estate Kft.	3.00%	December 31, 2022	4,578	--
BYTY PODKOVA, a.s.	6.00%	December 31, 2020	10,602	10,178
CPI Energo, a.s.	3.00%	December 31, 2021	312	--
CPI PROPERTY GROUP S.A.	2.47%	October 4, 2024	336,794	336,794
CPI PROPERTY GROUP S.A.	2.31%	October 4, 2024	127,681	127,681
CPI PROPERTY GROUP S.A.	4.95%	August 11, 2023	540,161	--
CPI PROPERTY GROUP S.A.	2.04%	April 14, 2022	606,420	--
CPI PROPERTY GROUP S.A.	2.52%	October 25, 2023	87,325	--
CPI PROPERTY GROUP S.A.	1.92%	October 25, 2023	56,597	--
CPI PROPERTY GROUP S.A.	1.80%	December 10, 2021	61,967	--
CPI PROPERTY GROUP S.A.	3.38%	December 8, 2028	23,231	--
CPI PROPERTY GROUP S.A.	1.14%	March 16, 2020	33,977	--
CPI PROPERTY GROUP S.A.	1.75%	December 17, 2021	50,000	--
Czech Property Investments, a.s.	5.26%	December 31, 2030	--	552,394
Endurance Real Estate Management Company S.A.	6.00%	December 31, 2020	103	114
GSG Europa Beteiligungs GmbH	--	December 31, 2022	1,197	--

Name of the undertaking	Int. Rate	Maturity	2018	2017
			KEUR	KEUR
Industrial Park Stříbro, s.r.o.	6.00%	December 31, 2020	2,369	2,336
Marki Real Estate sp. z o.o. w likwidacji	6.00%	December 31, 2020	3,575	3,475
ST Project Limited	2.13%	December 31, 2030	148,205	96,704
STRM Alfa, a.s.	6.00%	December 31, 2020	22	--
Total			**2,106,588**	**1,129,676**

The Company payable to GSG Europa Beteiligungs GmbH consists of three yearly instalments.

NOTE 8 - OTHER CREDITORS

8.1 - Other creditors becoming due and payable within one year

Other creditors becoming payable within one year are composed as follows:

	2018				2017			
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	Principal	Interest	Other	Total	Principal	Interest	Other	Total
Turf Praha a.s.	--	30	--	30	--	--	--	--
Directors - attendance fees	--	--	7	7	--	--	7	7
Others	--	--	1	1	--	--	2	2
Total	**--**	**30**	**8**	**38**	**--**	**--**	**9**	**9**

8.2 - Other creditors becoming due and payable after more than one year

Other creditors becoming payable within one year are composed as follows:

Name of the undertaking	Int. Rate	Maturity	2018	2017
			KEUR	KEUR
Turf Praha a.s.	6%	June 30, 2023	2,177	--
Total			**2,177**	**--**

NOTE 9 - NET TURNOVER

Net income mainly includes the Company service provided across the Group as follows:

	2018	2017
	KEUR	KEUR
Administrative / consulting services	**--**	**1,427**
ST Project Limited	--	1,427
Domicilation services	**66**	**86**
CPI PROPERTY GROUP S.A.	12	12
CPIPG Management S.à r.l.	4	6
ENDURANCE HOSPITALITY ASSET S.á.r.l.	4	6
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	4	6
Endurance Real Estate Management Company S.A.	--	12

	2018	2017
	KEUR	KEUR
Hospitality Invest S.a r.l.	4	12
MMR RUSSIA S.A R.L.	4	6
Others	34	26
Total	**66**	**1,513**

NOTE 10 - OTHER OPERATING INCOME

The Company sold 80 % of Bubny Development, s.r.o. with positive result.

The Company also received reimbursement of flights rendered to Radovan Vitek through the flight services agreement entered into in 2018 (see Note 24).

Other operating income includes administrative services fees provided across the Group.

	2018	2017
	KEUR	KEUR
Sale of Bubny Development, s.r.o.	43,887	--
Flight services	2,674	--
Administrative services	24,841	--
Branch of MMR RUSSIA S.à.r.l. (Luxembourg)	63	--
CPI BYTY, a.s.	46	--
CPI Facility Slovakia, a.s.	1,238	--
CPI Hungary Kft.	2,561	--
CPI Poland Sp. z o.o.	1,654	--
CPI PROPERTY GROUP S.A.	12	--
CPI Services, a.s.	18,135	--
CPIPG Management S.à r.l.	6	--
ENDURANCE HOSPITALITY ASSET S.á.r.l.	6	--
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	6	--
Gewerbesiedlungs-Gessellschaft mbH	1,050	--
Hospitality Invest S.a r.l.	6	--
MMR RUSSIA S.A R.L.	6	--
Others	52	--
Sale of Capellen Invest S.A.	--	3
Sale of STRM Delta, a.s.	--	28
Sale of Origo Investmetns Kft	--	14
Insurance indemnities	--	31
Others	40	108
Total	**71,441**	**184**

NOTE 11 - OTHER EXTERNAL EXPENSES

External expenses are composed as follows:

	2018	2017
	KEUR	KEUR
Rental, maintenance and repairs	214	185
Financial services	21	28
Bank fees	2	3
Professional fees - management fee	9,107	--
Professional fees - other	1,601	793
Insurance fee	433	270
Advertising, publications, public relations	13	19
Travelling costs	835	25
Other various fees	19	18
Total	**12,245**	**1,341**

NOTE 12 - STAFF COSTS

The Company had eleven employees in 2018 (2017: 6).

	2018	2017
	KEUR	KEUR
Wages and salaries	739	281
Social security costs	153	64
Total	**892**	**345**

NOTE 13 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

As at December 31, 2018, the Company recorded value adjustments relating to current assets as follows:.

	2018	2017
	KEUR	KEUR
FAMIACO ENTERPRISES COMPANY LIMITED	(12)	(11)
CPI Blue, s.r.o. (merged with ORCO Hotel Riverside, s.r.o.)	--	(10)
Data Trade s.r.o.	(2)	(20)
Vojes a.s. v likvidaci	--	(140)
ORCO Hotel Riverside, s.r.o.	10	--
VINOHRADY SARL	(19)	--
ORCO ADRIATIC D.O.O.	2	--
Váci 190 Projekt Kft.	--	(18)
Others	13	(19)
ORCO PROJECT sp. z o.o.	15	--
DEVELOPMENT ZLATÝ LEV s.r.o.	(29)	--
Total	**(22)**	**(218)**

NOTE 14 - OTHER OPERATING EXPENSES

As of December 31, 2018, the other operating expenses are composed as follows:

	2018	2017
	KEUR	KEUR
Flight services	2,673	--
Sale of Development Pražská	--	364
Sale of STRM Alfa, a.s.	--	259
Sale of ORCO Development	--	5
Liquidation of Orco Project Limited	4	--
Directors - attendance fees	36	36
Others	22	44
Total	**2,735**	**708**

NOTE 15 - INCOME FROM PARTICIPATING INTERESTS DERIVED FROM AFFILIATED UNDERTAKINGS

The Company did not receive any dividend during 2018.

	2018	2017
	KEUR	KEUR
ORCO Project Limited	--	292
Endurance Real Estate Management Company S.A.	--	35
Total	**--**	**327**

NOTE 16 - INCOME FROM OTHER INVESTMENTS AND LOANS FORMING PART OF THE FIXED ASSETS

16.1 - Derived from affiliated undertakings

The loans forming part of the fixed assets bear interest in the amount and structure as follow:

	2018	2017
	KEUR	KEUR
AIRPORT CITY INGATLANBEFEKTETÉSI Kft.	386	50
Airport City Phase B Kft.	50	7
Andrassy Hotel Zrt.	105	22
Andrássy Real Kft.	153	75
ARENA CORNER INGATLANBEFEKTETÉSI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	1,385	378
Balvinder, a.s.	386	198
Baudry Beta, a.s.	548	231
Baudry, a.s.	333	58
BAYTON Alfa, a.s.	799	142
BAYTON Gama, a.s.	--	27
BAYTON ONE, s.r.o.	2,576	--
BC 99 Office Park Kft.	171	--
Beroun Property Development, a.s.	614	61

	2018	2017
	KEUR	KEUR
Best Properties South, a. s.	1,974	1,232
Brandýs Logistic, a.s.	720	546
Brno Property Development, a.s.	86	69
Březiněves, a.s.	1,037	484
Bubenská 1, a.s.	701	173
Bubny Development, s.r.o.	15	7
Budaörs Office Park Kft.	30	380
Buy-Way Dunakeszi Kft.	11	--
Buy-Way Soroksár Kft.	3	--
CAMPONA Shopping Center Kft.	2,173	1,462
Camuzzi, a.s.	53	31
Capellen Invest S.A.	--	50
Carpenter Invest, a.s.	196	178
CB Property Development, a.s.	2,516	1,225
CD Property s.r.o.	377	60
Conradian, a.s.	569	419
CPI - Krásné Březno, a.s.	74	70
CPI - Land Development, a.s.	31	29
CPI - Orlová, a.s.	63	69
CPI - Real Estate, a.s.	149	113
CPI - Štupartská, a.s.	257	157
CPI Alfa, a.s.	655	263
CPI Beet, a.s.	4	--
CPI Blatiny, s.r.o.	226	43
CPI BYTY, a.s.	1,489	--
CPI Delta, a.s.	270	235
CPI East,s.r.o.	5,153	4,000
CPI Epsilon, a.s.	--	41
CPI Hotels Properties, a.s.	104	68
CPI IMMO	56	13
CPI Jihlava Shopping, a.s.	1,439	1,115
CPI Kappa, s.r.o.	157	39
CPI Meteor Centre, s.r.o.	703	515
CPI Národní, s.r.o.	1	109
CPI Office Prague, s.r.o.	3,450	2,575
CPI Palmovka Office, s.r.o.	1	--
CPI Park Žďárek, a.s.	155	145
CPI Property a Facility, s.r.o.	10	--
CPI PROPERTY GROUP S.A.	2,202	49
CPI Reality, a.s.	1,362	613
CPI Retail MB s.r.o.	415	89
CPI Retail One Kft.	890	62
CPI RETAIL PORTFOLIO HOLDING Kft.	1,763	751
CPI Retail Portfolio I, a.s.	37	70
CPI Retail Portfolio II, a.s.	39	14
CPI Retail Portfolio III, s.r.o.	41	29
CPI Retail Portfolio IV, s.r.o.	53	--

	2018	2017
	KEUR	KEUR
CPI Retail Portfolio V, s.r.o.	175	50
CPI Retail Portfolio VI, s.r.o.	16	--
CPI Retail Portfolio VII, s.r.o.	33	--
CPI Retail Portfolio VIII s.r.o.	249	134
CPI Retails ONE, a.s.	202	166
CPI Retails Rosa s.r.o.	304	264
CPI Retails THREE, a.s.	1,242	138
CPI Retails TWO, a.s.	215	69
CPI Shopping MB, a.s.	1,430	1,009
CPI Shopping Teplice, a.s.	1,926	1,287
CPI South, s.r.o.	2	--
CPI Vestec, s.r.o.	34	--
Czech Property Investments, a.s.	11,613	2,040
Čadca Property Development, s.r.o.	136	58
Čáslav Investments, a.s.	198	87
Český Těšín Property Development, a.s.	82	52
Data Trade s.r.o.	23	20
Development Doupovská, s.r.o.	1	--
Development Pražská, s.r.o. (merged with ORCO Hotel Riverside, s.r.o.)	--	21
Diana Property Sp. z o.o.	172	53
Dienzenhoferovy sady 5, s.r.o.	349	77
EMH South, s.r.o.	570	432
Estate Grand, s.r.o.	27	24
Europeum Kft.	32	--
FAMIACO ENTERPRISES COMPANY LIMITED	197	186
Farhan, a.s.	2,765	1,839
FL Property Development, a.s.	12	11
Gateway Office Park Kft.	24	--
HD Investment s.r.o.	1	--
Hightech Park Kft.	91	--
Hraničář, a.s.	962	743
IGY2 CB, a.s.	1,163	497
IS Nyír Kft.	65	53
IS Zala Kft.	309	209
Janáčkovo nábřeží 15, s.r.o.	299	66
Jeseník Investments, a.s.	167	78
JIHOVÝCHODNÍ MĚSTO, a.s.	313	320
Karviná Property Development, a.s.	42	34
Kerina, a.s.	405	277
KOENIG Shopping, s.r.o. (formerly Nový Projekt CPI, s.r.o.)	2,811	1,036
KOENIG, s.r.o. (merged with Nový Projekt CPI, s.r.o.)	--	166
Komárno Property Development, a.s.	257	261
Land Properties, a.s. (formerly Družstvo Land)	--	57
LD Praha, a.s.	218	359
Levice Property Development, a.s.	384	349
Liptovský Mikuláš Property Development, a.s.	403	269
Lockhart, a.s.	1,174	761

	2018	2017
	KEUR	KEUR
Lucemburská 46, a.s.	253	57
Malerba, a.s.	8	9
Marissa Gama, a.s.	2,345	976
Marissa Kappa, a.s.	235	643
Marissa Omikrón, a.s.	1,370	156
Marissa Tau, a.s.	648	495
Marissa Théta, a.s.	61	--
Marissa West, a.s.	3,073	2,536
Marissa Yellow, a.s.	1,166	873
Marissa Ypsilon, a.s.	2,856	1,394
Marissa, a.s.	752	87
MB Futurum HK s.r.o.	934	--
MB Property Development, a.s.	59	14
Michalovce Property Development, a.s.	460	402
Modřanská Property, a.s.	461	27
MQM Czech, a.s.	8	--
MUXUM, a.s.	408	260
Na Poříčí, a.s.	2,455	500
New Age Kft.	13	--
NOVÁ ZBROJOVKA, s.r.o.	352	51
Nupaky a.s.	15	14
OC Nová Zdaboř a.s.	528	123
OC Spektrum, s.r.o.	746	326
OFFICE CENTER HRADČANSKÁ, a.s.	162	--
Office Center Poštová, s.r.o.	213	120
Olomouc City Center, a.s.	645	611
Olomouc Office, a.s.	332	189
Outlet Arena Moravia, s.r.o.	118	16
Ozrics Kft.	80	18
Pelhřimov Property Development	182	109
Polus Shopping Center Zrt.	1,943	1,755
Polygon BC, a.s.	13	--
Považská Bystrica Property Development, a.s.	252	257
Prievidza Property Development, a.s.	327	271
Projekt Nisa, s.r.o.	3,661	2,524
Projekt Zlatý Anděl, s.r.o.	4,101	3,055
Příbor Property Development, s.r.o.	25	5
Residence Belgická, s.r.o.	88	20
Residence Izabella Zrt.	95	20
REZIDENCE MASARYKOVA 36, s.r.o. (merged with Marissa Théta, a.s.)	--	9
Rezidence Pragovka, s.r.o.	259	233
Spišská Nová Ves Property Development, a.s.	365	308
ST Project Limited	--	116
Statenice Property Development, a.s.	118	110
Strakonice Property Development, a.s.	3	2
STRM Alfa, a.s.	1	2
STRM Beta , a.s.	13	9

	2018	2017
	KEUR	KEUR
STRM Delta, a.s.	--	1
STRM Gama, a.s.	5	3
Svitavy Property Alfa, a.s.	557	397
Svitavy Property Development, a.s.	16	47
SZCZECIN PROJECT sp. z o.o.	773	860
Telč Property Development a.s.	27	28
Tepelné hospodářství Litvínov s.r.o. (formerly Tepelná Litvínov, s.r.o.)	88	5
Trebišov Property Development, s.r.o.	33	23
Trutnov Property Development, a.s.	485	181
Třinec Investments, s.r.o.	156	34
Třinec Property Development, a.s.	360	33
Tyršova 6, a.s.	127	30
U svatého Michala, a.s	184	196
Vigano, a.s.	800	728
VINOHRADY SARL	305	--
Vyškov Property Development, a.s.	242	150
ZLATICO LIMITED	600	481
Ždírec Property Development	63	45
Others	5	(1)
Total	**107,337**	**54,336**

16.2 - Other income not from affiliated undertakings

	2018	2017
	KEUR	KEUR
VM Property Development, a.s. (merged with ORCO Hotel Riverside, s.r.o.)	--	3
Arkáda Prostějov, s.r.o.	--	30
Uniborc S.A.	724	535
Others	0	1
Total	**724**	**569**

NOTE 17 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

17.1 - Derived from affiliated undertakings

Other interest and similar income mainly include the proceeds from the notes of CPI BYTY, a.s. (interest KEUR 417 and premium for early repayment KEUR 1,336), and Czech Property Investments, a.s. (interest KEUR 283 and premium for early repayment KEUR 4,146). The Company acquired the CPI BYTY, a.s. and Czech Property Investments notes from its ultimate beneficial owner, Radovan Vítek in 2018.

The other interest receivable and similar income derived from affiliated undertaking is detailed as follows:

				2018	2017
	Interest	FX	Other	Total	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Balvinder, a.s.	--	59	--	59	14
Baudry Beta, a.s.	--	54	--	54	39
Baudry, a.s.	--	--	--	--	7
BAYTON Alfa, a.s.	--	13	--	13	--
BAYTON ONE, s.r.o.	--	11	--	11	--
Best Properties South, a. s.	--	162	--	162	--
Brandýs Logistic, a.s.	--	171	--	171	77
Brno Property Development, a.s.	--	13	--	13	--
Březiněves, a.s.	--	299	--	299	--
Bubenská 1, a.s.	--	99	--	99	--
BYTY PODKOVA, a.s.	--	75	--	75	1
Carpenter Invest, a.s.	--	8	--	8	--
CB Property Development, a.s.	--	321	--	321	289
CD Property s.r.o.	--	10	--	10	--
Centrum Olympia Plzeň s.r.o. (merged with CPI East, s.r.o.)	--	--	--	--	8
Conradian, a.s.	--	91	--	91	--
CPI - Bor, a.s.	--	17	--	17	--
CPI - Krásné Březno, a.s.	--	55	--	55	--
CPI - Land Development, a.s.	--	11	--	11	7
CPI - Orlová, a.s.	--	12	--	12	--
CPI - Real Estate, a.s.	--	35	--	35	3
CPI - Štupartská, a.s.	--	22	--	22	4
CPI – Zbraslav, a.s.	--	19	--	19	--
CPI Alfa, a.s.	--	76	--	76	22
CPI BYTY, a.s.	--	698	1,753	2,451	--
CPI Delta, a.s.	--	100	--	100	3
CPI East,s.r.o.	--	--	--	--	395
CPI Epsilon, a.s.	--	35	--	35	50
CPI Hotels Properties, a.s.	--	43	--	43	8
CPI Hotels, a.s.	--	133	--	133	--
CPI Jihlava Shopping, a.s.	--	170	--	170	--
CPI Kappa, s.r.o.	--	1	--	1	7
CPI Meteor Centre, s.r.o.	--	67	--	67	151
CPI Národní, s.r.o.	408	1,472	--	1,880	2
CPI Office Prague, s.r.o.	--	5	--	5	69
CPI Reality, a.s.	--	--	--	--	161
CPI Retail MB s.r.o.	--	4	--	4	1
CPI Retail Portfolio I, a.s.	--	21	--	21	41
CPI Retail Portfolio II, a.s.	--	36	--	36	--
CPI Retail Portfolio III, s.r.o.	--	37	--	37	17

	2018				2017
	Interest	FX	Other	Total	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
CPI Retail Portfolio IV, s.r.o.	--	9	--	9	--
CPI Retail Portfolio V, s.r.o.	--	13	--	13	--
CPI Retail Portfolio VI, s.r.o.	--	5	--	5	--
CPI Retail Portfolio VII, s.r.o.	--	23	--	23	--
CPI Retail Portfolio VIII s.r.o.	--	42	--	42	15
CPI Retails TWO, a.s.	--	--	--	--	13
CPI Shopping MB, a.s.	--	216	--	216	35
CPI Shopping Teplice, a.s.	--	344	--	344	311
Czech Property Investments, a.s.	--	10,793	4,429	15,222	1,754
Čáslav Investments, a.s.	--	25	--	25	7
Český Těšín Property Development, a.s.	--	11	--	11	--
Development Pražská, s.r.o. (merged with ORCO Hotel Riverside, s.r.o.)	--	--	--	--	24
Diana Property Sp. z o.o.	--	--	--	--	14
EMH South, s.r.o.	--	7	--	7	23
EMH West, s.r.o. (merged with CPI Office Prague, s.r.o.)	--	--	--	--	1
Endurance Real Estate Management Company S.A.	--	--	--	--	1
Farhan, a.s.	--	370	--	370	6
GAMALA LIMITED	4,156	5	--	4,161	198
Grunt HZ s.r.o. (merged with Rezidence Pragovka, s.r.o.)	--	--	--	--	4
Hraničář, a.s.	--	282	--	282	21
IGY2 CB, a.s.	--	175	--	175	64
Industrial Park Stříbro, s.r.o.	--	18	--	18	
Jeseník Investments, a.s.	--	20	--	20	12
JIHOVÝCHODNÍ MĚSTO, a.s.	--	260	--	260	14
Kerina, a.s.	--	105	--	105	9
KOENIG Shopping, s.r.o. (formerly Nový Projekt CPI, s.r.o.)	--	8	--	8	--
Land Properties, a.s. (formerly Družstvo Land)	--	1	--	1	36
LD Praha, a.s.	--	--	--	--	168
Lockhart, a.s.	--	234	--	234	73
Lucemburská 46, a.s.	--	4	--	4	--
Malerba, a.s.	--	7	--	7	--
Marissa Gama, a.s.	--	349	--	349	97
Marissa Kappa, a.s.	--	3	--	3	385
Marissa Omikrón, a.s.	--	3	--	3	--
Marissa Tau, a.s.	--	26	--	26	4
Marissa West, a.s.	--	38	--	38	--
Marissa Yellow, a.s.	--	91	--	91	92
Marissa Ypsilon, a.s.	--	362	--	362	62
Marissa, a.s.	--	--	--	--	73
Marki Real Estate sp. z o.o. w likwidacji	--	94	--	94	--

	2018				2017
	Interest	FX	Other	Total	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
MB Futurum HK s.r.o.	--	6	--	6	--
MUXUM, a.s.	--	99	--	99	--
Na Poříčí, a.s.	--	50	--	50	161
Nisa OC s.r.o. (merged with Projekt Nisa, s.r.o.)	--	--	--	--	28
NOVÁ ZBROJOVKA, s.r.o.	--	44	--	44	--
OC Nová Zdaboř a.s.	--	4	--	4	--
OC Spektrum, s.r.o.	--	13	--	13	15
Olomouc City Center, a.s.	--	302	--	302	4
Olomouc Office, a.s.	--	67	--	67	--
Outlet Arena Moravia, s.r.o.	--	7	--	7	--
Pelhřimov Property Development	--	42	--	42	7
PFCE Prague investments s.r.o. (merged with Projekt Zlatý Anděl, s.r.o.)	--	--	--	--	6
Projekt Nisa, s.r.o.	--	--	--	--	7
Projekt Zlatý Anděl, s.r.o.	--	46	--	46	221
Rezidence Pragovka, s.r.o.	10	196	--	206	6
ST Project Limited	--	--	--	--	60
STRM Delta, a.s.	--	--	--	--	2
Svitavy Property Alfa, a.s.	--	26	--	26	--
Svitavy Property Development, a.s.	--	46	--	46	1
SZCZECIN PROJECT sp. z o.o.	--	2	--	2	4
Telč Property Development a.s.	--	6	--	6	--
Tepelné hospodářství Litvínov s.r.o. (formerly Tepelná Litvínov, s.r.o.)	--	4	--	4	--
Trutnov Property Development, a.s.	--	6	--	6	31
Tyršova 6, a.s.	--	13	--	13	--
U svatého Michala, a.s	--	3	--	3	19
Vigano, a.s.	--	5	--	5	--
Vítek Radovan	966	148	--	1,114	--
Vyškov Property Development, a.s.	--	36	--	36	28
Ždírec Property Development	--	10	--	10	6
Others	--	17	--	17	4
Total	**5,540**	**19,594**	**6,182**	**31,316**	**5,502**

17.2 - Other interest and similar income

The other interest receivable and similar income derived from affiliated undertaking is detailed as follows:

	2018				2017
	Interest	FX	Other	Total	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
ANOJTHAN ENTERPRISES LIMITED	--	--	--	--	557
ZELIG HOLDINGS LIMITED	--	--	--	--	1,107
Arkáda Prostějov, s.r.o.	--	--	--	--	24
Marc Gilbert International ltd	--	--	--	--	1,945
Others	--	1,493	300	1,793	204
Total	**--**	**1,493**	**300**	**1,793**	**3,837**

NOTE 18 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL ASSETS AND OF INVESTMENTS HELD AS CURRENT ASSETS

Value adjustments of financial assets are composed as follows:

	2018			2017		
	Shares	Loans	Total in KEUR	Shares	Loans	Total in KEUR
Brillant 1419. GmbH & Co. Verwaltungs KG	(2)	--	(2)	(3)	--	(3)
Bubenská 1, a.s.	(30)	--	(30)	2,118	--	2,118
Bubny Development, s.r.o.	--	--	--	23,383	--	23,383
Byty Lehovec, s.r.o.	--	(4)	(4)	--	--	--
Camuzzi, a.s.	(235)	--	(235)	--	--	--
CEREM S.A.	--	(1)	(1)	--	(1)	(1)
Conradian, a.s.	--	524	524	--	(524)	(524)
CPI – Krásné Březno, a.s.	(979)	--	(979)	--	--	--
CPI Blatiny, s.r.o.	--	(110)	(110)	--	(293)	(293)
CPI IMMO	--	(336)	(336)	--	(323)	(323)
CPI PROPERTY GROUP S.A.	8,385	--	8,385	5,157	--	5,157
CPI Retail One Kft.	--	(812)	(812)	--	(44)	(44)
CPI Retail Portfolio V, s.r.o.	--	634	634	--	(409)	(409)
CPI Retails Rosa s.r.o.	--	29	29	--	(29)	(29)
Data Trade s.r.o.	--	(23)	(23)	--	(312)	(312)
Development Doupovská, s.r.o.	--	(4)	(4)	(1,188)	(6)	(1,194)
Development Pražská, s.r.o. (merged with ORCO Hotel Riverside, s.r.o.)	--	--	--	--	209	209
Dienzenhoferovy sady 5, s.r.o.	--	(119)	(119)	--	(664)	(664)
Endurance Real Estate Management Company S.A.	1	--	1	(1)	--	(1)
FAMIACO ENTERPRISES COMPANY LIMITED	--	(194)	(194)	--	(177)	(177)
JIHOVÝCHODNÍ MĚSTO, a.s.	1,116	--	1,116	(244)	--	(244)
Karviná Property Development, a.s.	(26)	--	(26)	(3)	--	(3)
Land Properties, a.s. (formerly Družstvo Land)	(835)	--	(835)	--	--	--
Levice Property Development, a.s.	--	--	--	--	986	986

			2018			2017
	Shares	Loans	Total in KEUR	Shares	Loans	Total in KEUR
Liptovský Mikuláš Property Development, a.s.	--	(20)	(20)	--	544	544
Marki Real Estate sp. z o.o. w likwidacji	100	--	100	365	--	365
MQM Czech, a.s.	(747)	--	(747)	--	--	--
Nupaky a.s.	(28)	--	(28)	186	--	186
OC Spektrum, s.r.o.	--	(7,111)	(7,111)	--	--	--
Olomouc City Center, a.s.	--	371	371	--	(371)	(371)
ORCO MARINE PLC	--	--	--	--	(1)	(1)
ORCO Project Limited	5	--	5	--	--	--
ORCO PROJECT sp. z o.o.	--	8	8	--	--	--
Others	--	(1)	(1)	--	487	487
Outlet Arena Moravia, s.r.o.	--	12	12	--	(12)	(12)
Polygon BC, a.s.	(1,279)	--	(1,279)	--	--	--
Rezidence Pragovka, s.r.o.	--	--	--	5,657	--	5,657
SCP CISKEY	--	--	--	(1)	--	(1)
SCP VILLA DE TAHITI	2	--	2	(2)	--	(2)
Spišská Nová Ves Property Development, a.s.	--	(1,107)	(1,107)	--	(91)	(91)
Strakonice Property Development, a.s.	(4)	--	(4)	(80)	--	(80)
STRM Beta , a.s.	--	--	--	464	--	464
STRM Gama, a.s.	99	--	99	438	--	438
Svitavy Property Development, a.s.	307	--	307	(848)	--	(848)
SZCZECIN PROJECT sp. z o.o.	--	(1,166)	(1,166)	--	(864)	(864)
Tepelné hospodářství Litvínov s.r.o. (formerly Tepelná Litvínov, s.r.o.)	--	345	345	--	(345)	(345)
Uniborc S.A.	--	--	--	--	1,373	1,373
VINOHRADY SARL	--	(309)	(309)	--	(13)	(13)
VM Property Development, a.s. (merged with ORCO Hotel Riverside, s.r.o.)	--	--	--	--	200	200
Total	**5,850**	**(9,394)**	**(3,543)**	**35,398**	**(680)**	**34,718**

NOTE 19 - INTEREST PAYABLE AND SIMILAR EXPENSES

19.1 - Concerning affiliated undertakings

Interest payable and similar expenses concerning affiliated undertaking are composed as follow:

			2018			2017
	Interest	FX	Total	Interest	FX	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Balvinder, a.s.	--	2	2	3	7	10
Baudry, a.s.	--	21	21	--	8	8
BAYTON Alfa, a.s.	--	36	36	--	--	--
BAYTON Gama, a.s.	--	--	--	--	8	8

	2018			2017		
	Interest	FX	Total	Interest	FX	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
BAYTON ONE, s.r.o.	--	1,105	1,105	--	--	--
BC 30 Property Kft.	295	--	295	--	--	--
BC 91 Real Estate Kft.	130	--	130	--	--	--
Beroun Property Development, a.s.	--	90	90	5	44	49
Best Properties South, a. s.	--	29	29	--	--	--
Brno Property Development, a.s.	399	--	399	--	--	--
Březiněves, a.s.	--	25	25	--	--	--
Bubenská 1, a.s.	--	52	52	--	--	--
BYTY PODKOVA, a.s.	640	2	642	602	580	1,182
CB Property Development, a.s.	--	98	98	--	--	--
CD Property s.r.o.	--	35	35	--	--	--
Conradian, a.s.	--	16	16	--	--	--
CPI - Bor, a.s	63	1	64	47	106	153
CPI - Horoměřice, a.s.	8	--	8	--	--	--
CPI - Zbraslav, a.s.	82	--	82	62	140	202
CPI Blatiny, s.r.o.	--	8	8	--	--	--
CPI BYTY, a.s.	--	798	798	--	--	--
CPI East,s.r.o.	--	47	47	--	--	--
CPI Energo, a.s.	3	--	3	--	--	--
CPI Epsilon, a.s.	148	4	152	59	78	137
CPI Hotels Properties, a.s.	2	10	12	--	--	--
CPI Hotels, a.s.	--	--	--	--	457	457
CPI Hungary Kft.	1	--	1	--	--	--
CPI Jihlava Shopping, a.s.	--	10	10	--	--	--
CPI Národní, s.r.o.	90	19	109	228	499	727
CPI Office Prague, s.r.o.	--	20	20	--	--	--
CPI Property a Facility, s.r.o.	--	9	9	--	--	--
CPI PROPERTY GROUP S.A.	30,928	473	31,401	1,876	--	1,876
CPI Reality, a.s.	1	127	128	10	31	41
CPI Residential, a.s.	--	14	14	--	--	--
CPI Retail MB s.r.o.	--	54	54	54	155	209
CPI Retail Portfolio I, a.s.	43	--	43	22	40	62
CPI Retail Portfolio II, a.s.	74	--	74	40	75	115
CPI Retail Portfolio III, s.r.o.	41	--	41	21	38	59
CPI Retail Portfolio IV, s.r.o.	17	--	17	12	27	39
CPI Retail Portfolio V, s.r.o.	--	9	9	--	--	--
CPI Retail Portfolio VI, s.r.o.	11	--	11	7	17	24
CPI Retail Portfolio VII, s.r.o.	12	--	12	11	24	35
CPI Retails TWO, a.s.	--	19	19	--	--	--
CPI Shopping MB, a.s.	--	11	11	--	--	--
CPI Shopping Teplice, a.s.	--	16	16	--	--	--
Czech Property Investments, a.s.	25,941	3,863	29,804	24,126	29,536	53,662

	2018			2017		
	Interest	FX	Total	Interest	FX	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Čáslav Investments, a.s.	--	13	13	--	--	--
Český Těšín Property Development, a.s.	--	1	1	5	--	5
Data Trade s.r.o.	--	--	--	--	1	1
Efimacor S.á.r.l.	--	--	--	--	3	3
EMH South, s.r.o.	--	4	4	--	--	--
Endurance Real Estate Management Company S.A.	7	--	7	12	--	12
Farhan, a.s.	--	134	134	--	--	--
GAMALA LIMITED	--	62	62	--	--	--
Hraničář, a.s.	--	5	5	12	28	40
IGY2 CB, a.s.	--	43	43	--	1	1
Industrial Park Stříbro, s.r.o.	149	--	149	127	121	248
Janáčkovo nábřeží 15, s.r.o.	18	52	70	--	--	--
Jeseník Investments, a.s.	--	8	8	--	--	--
Jetřichovice Property, a.s.	8	--	8	--	--	--
JIHOVÝCHODNÍ MĚSTO, a.s.	--	11	11	--	--	--
Land Properties, a.s. (formerly Družstvo Land)	5	--	5	23	42	65
Lockhart, a.s.	--	8	8	--	--	--
Lucemburská 46, a.s.	5	16	21	--	--	--
Marissa Gama, a.s.	--	315	315	--	70	70
Marissa Kappa, a.s.	--	6	6	--	1	1
Marissa Omikrón, a.s.	--	202	202	--	54	54
Marissa Tau, a.s.	--	4	4	--	--	--
Marissa Théta, a.s.	--	12	12	22	20	42
Marissa West, a.s.	--	36	36	--	7	7
Marissa Ypsilon, a.s.	--	84	84	--	--	--
Marissa, a.s.	--	30	30	--	8	8
Marki Real Estate sp. z o.o. w likwidacji	203	1	204	188	172	360
MB Property Development, a.s.	--	10	10	9	25	34
Modřanská Property, a.s.	--	16	16	--	--	--
MUXUM, a.s.	76	15	91	85	3	88
Na Poříčí, a.s.	--	524	524	--	47	47
NOVÁ ZBROJOVKA, s.r.o.	--	29	29	--	--	--
Nymburk Property Development, a.s.	202	--	202	194	--	194
OC Nová Zdaboř a.s.	--	55	55	37	113	150
OFFICE CENTER HRADČANSKÁ, a.s.	1	---	1	3	5	8
ORCO PROJECT sp. z o.o.	--	23	23	--	--	--
Pelhřimov Property Development	--	14	14	--	--	--
PROJECT FIRST a.s.	112	1	113	--	--	--
Projekt Nisa, s.r.o.	--	41	41	--	--	--
Projekt Zlatý Anděl, s.r.o.	--	30	30	--	--	--
Příbor Property Development, s.r.o.	--	1	1	12	25	37

	2018			2017		
	Interest	FX	Total	Interest	FX	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Rezidence Pragovka, s.r.o.	--	11	11	--	--	--
ST Project Limited	2,825	--	2,825	310	--	310
SZCZECIN PROJECT sp. z o.o.	--	62	62	--	--	--
Trutnov Property Development, a.s.	--	145	145	--	--	--
Třinec Investments, s.r.o.	--	9	9	--	--	--
Třinec Property Development, a.s.	--	37	37	66	126	192
Vítek Radovan	--	863	863	--	--	--
Vyškov Property Development, a.s.	--	12	12	--	--	--
Others	--	99	99	--	3	3
Total	**62,540**	**10,067**	**72,607**	**28,290**	**32,745**	**61,035**

19.2 - Other interest and similar expenses

The other interest and similar expenses are detailed as follows:

	2018				2017			
	Interest	FX	Other	Total	Interest	FX	Other	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Noteholder_OPG 7 7/07/11/19	--	--	--	--	803	--	1,006	1,809
Turf Praha a.s.	30	4	--	34	--	--	--	--
Others	--	867	153	1,020	--	160	7	167
Total	**30**	**871**	**153**	**1,054**	**803**	**160**	**1,013**	**1,976**

NOTE 20 - TAX ON PROFIT OR LOSS

The Company is subject to Luxembourg tax income and net wealth tax. As at December 31, 2018, the Company has a payable in respect of Net wealth tax (2017: receivable) and Value added tax amounting to KEUR 425 (2017: KEUR 463) from the Luxembourg Tax Authorities (see Note 4.3).

NOTE 21 - OFF BALANCE SHEET COMMITMENTS

In relation to the strategy of developing its financing activity, the Company signed several Credit facility agreements.

The Company has provided credit facility to following entities and upon following conditions:

Company	Drawdown Limit	2018	Drawdown Limit	2017
AIRPORT CITY INGATLANBEFEKTETÉSI Kft.	19,000,000	EUR	10,800,000	EUR
Airport City Phase B Kft.	2,500,000	EUR	1,600,000	EUR
Andrassy Hotel Zrt.	5,600,000	EUR	4,200,000	EUR
Andrássy Real Kft.	30,000,000	EUR	30,000,000	EUR
ARENA CORNER INGATLANBEFEKTETÉSI KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG	43,000,000	EUR	20,000,000	EUR
Arkáda Prostějov s.r.o.	--	--	120,000,000	CZK

Company	Drawdown Limit	2018	Drawdown Limit	2017
Balvinder, a.s.	330,000,000	CZK	330,000,000	CZK
Baudry Beta, a.s.	455,250,000	CZK	130,000,000	CZK
Baudry Beta, a.s.	--	--	12,500,000	EUR
Baudry, a.s.	600,000,000	CZK	50,000,000	CZK
BAYTON Alfa, a.s.	600,000,000	CZK	350,000,000	CZK
BAYTON Gama, a.s.	100,000,000	CZK	100,000,000	CZK
BC 99 Office Park Kft.	40,100,000	EUR	--	--
Beroun Property Development, a.s.	530,000,000	CZK	530,000,000	CZK
Best Properties South, a. s.	2,730,000,000	CZK	1,300,000,000	CZK
BPT Development, a.s.	200,000,000	CZK	200,000,000	CZK
Brandýs Logistic, a.s.	903,310,000	CZK	500,000,000	CZK
Brandýs Logistic, a.s.	--	--	15,000,000	EUR
Brno Property Development	100,000,000	CZK	100,000,000	CZK
Březiněves, a.s.	950,000,000	CZK	200,000,000	CZK
Bubenská 1, a.s.	1,727,000,000	CZK	327,000,000	CZK
Budaors Office Park	--	--	10,000,000	EUR
Buy-Way Dunakeszi Kft.	8,100,000	EUR	--	--
Buy-Way Soroksár Kft.	4,600,000	EUR	--	--
Byty Lehovec, s.r.o.	360,000,000	CZK	--	--
CAMPONA Shopping Center Kft.	159,900,000	EUR	30,000,000	EUR
Camuzzi, a.s.	55,000,000	CZK	55,000,000	CZK
Carpenter Invest, a.s.	200,000,000	CZK	200,000,000	CZK
CB Property Development, a.s.	500,000,000	CZK	500,000,000	CZK
CB Property Development, a.s.	49,500,000	EUR	34,000,000	EUR
CD Property s.r.o.	415,000,000	CZK	130,000,000	CZK
Conradian, a.s.	250,000,000	CZK	250,000,000	CZK
CPI - Krásné Březno, a.s.	150,000,000	CZK	50,000,000	CZK
CPI - Land Development, a.s.	400,000,000	CZK	400,000,000	CZK
CPI - Orlová, a.s.	50,000,000	CZK	50,000,000	CZK
CPI - Real Estate, a.s.	310,000,000	CZK	150,000,000	CZK
CPI - Štupartská, a.s.	230,000,000	CZK	230,000,000	CZK
CPI - Zbraslav, a.s.	300,000,000	CZK	300,000,000	CZK
CPI Alfa, a.s.	450,000,000	CZK	450,000,000	CZK
CPI Beet, a.s.	323,771,000	CZK	--	--
CPI Beta, a.s.	150,000,000	CZK	150,000,000	CZK
CPI Blatiny, s.r.o.	100,000,000	CZK	100,000,000	CZK
CPI BYTY, a.s.	6,000,000,000	CZK	--	--
CPI Delta, a.s.	350,000,000	CZK	350,000,000	CZK
CPI East,s.r.o.	3,923,600,000	CZK	1,623,600,000	CZK
CPI Epsilon, a.s.	300,000,000	CZK	300,000,000	CZK
CPI Hotels Properties, a.s.	489,741,000	CZK	30,000,000	CZK
CPI IMMO	4,000,000	EUR	4,000,000	EUR
CPI Jihlava Shopping, a.s.	1,150,000,000	CZK	1,150,000,000	CZK
CPI Kappa, s.r.o.	600,000,000	CZK	500,000,000	CZK

Company	Drawdown Limit	2018	Drawdown Limit	2017
CPI Kappa, s.r.o. (merged Kolín Centrum a.s.)	--	--	100,000,000	CZK
CPI Lambda, a.s.	5,000,000	CZK	--	--
CPI Meteor Centre, s.r.o.	623,564,000	CZK	150,000,000	CZK
CPI Meteor Centre, s.r.o.	--	--	18,200,000	EUR
CPI Národní, s.r.o.	3,100,000,000	CZK	3,100,000,000	CZK
CPI Office Prague, s.r.o.	2,670,000,000	CZK	970,000,000	CZK
CPI Palmovka Office, s.r.o.	1,000,000	CZK	--	--
CPI Park Mlýnec, a.s.	50,000,000	CZK	50,000,000	CZK
CPI Park Žďárek, a.s.	70,000,000	CZK	70,000,000	CZK
CPI Property a Facility, s.r.o.	23,000,000	CZK	--	--
CPI Property Group S.A.	170,000,000	EUR	60,000,000	EUR
CPI Reality, a.s.	2,100,000,000	CZK	1,950,000,000	CZK
CPI Reality, a.s. (merged CPI Retails Brandýs, s.r.o.)	--	--	100,000,000	CZK
CPI Reality, a.s. (merged CPI Retails Třinec, a.s.)	--	--	50,000,000	CZK
CPI Retail MB s.r.o.	355,000,000	CZK	355,000,000	CZK
CPI Retail One Kft.	10,000,000	EUR	10,000,000	EUR
CPI Retail Portfolio Holding Kft.	30,000,000	EUR	30,000,000	EUR
CPI Retail Portfolio I, a.s.	340,000,000	CZK	110,000,000	CZK
CPI Retail Portfolio II, a.s.	305,000,000	CZK	160,000,000	CZK
CPI Retail Portfolio III a.s.	--	--	150,000,000	CZK
CPI Retail Portfolio IV, s.r.o.	185,000,000	CZK	--	--
CPI Retail Portfolio V, s.r.o.	225,000,000	CZK	80,000,000	CZK
CPI Retail Portfolio VI, s.r.o.	55,000,000	CZK	--	--
CPI Retail Portfolio VIII s.r.o.	160,000,000	CZK	160,000,000	CZK
CPI Retails ONE, a.s.	472,000,000	CZK	260,000,000	CZK
CPI Retails Rosa s.r.o.	13,700,000	EUR	10,000,000	EUR
CPI Retails THREE, a.s.	66,200,000	EUR	40,000,000	EUR
CPI Retails TWO, a.s.	370,000,000	CZK	200,000,000	CZK
CPI Shopping MB, a.s.	1,200,000,000	CZK	450,000,000	CZK
CPI Shopping Teplice, a.s.	1,936,720,000	CZK	1,000,000,000	CZK
CPI Shopping Teplice, a.s.	--	--	36,000,000	EUR
CPI South, s.r.o.	35,000,000	CZK	5,000,000	CZK
CPI Vestec, s.r.o.	200,000,000	CZK	--	--
CPI West, s.r.o.	10,000,000	CZK	10,000,000	CZK
Czech Property Investments, a.s.	7,000,000,000	CZK	1,000,000,000	CZK
Czech Property Investments, a.s.	300,000,000	EUR	--	--
Čadca Property Development, s.r.o.	6,000,000	EUR	6,000,000	EUR
Čáslav Investments, a.s.	265,000,000	CZK	265,000,000	CZK
Český Těšín property Development, a.s.	--	--	280,000,000	CZK
Diana Property sp. z o.o.	4,000,000	EUR	4,000,000	EUR
Dienzenhoferovy sady 5, s.r.o.	219,160,000	CZK	8,000,000	EUR
EMH South, s.r.o.	420,000,000	CZK	170,000,000	CZK
Europeum Kft.	6,000,000	EUR	--	--
Farhan, a.s.	1,800,000,000	CZK	800,000,000	CZK

Company	Drawdown Limit	2018	Drawdown Limit	2017
FELICIA SHOPPING CENTER SRL	1,000,000	CZK	1,000,000	CZK
FL Property Development, a.s.	50,000,000	CZK	50,000,000	CZK
Futurum HK Shopping, s.r.o. (formerly BAYTON ONE, s.r.o.)	2,200,000,000	CZK	15,000,000	CZK
Gateway Office Park Kft.	19,500,000	EUR	--	--
HD Investment s.r.o.	15,000,000	CZK	--	--
Hightech Park Kft.	4,500,000	EUR	--	--
Hraničář, a.s.	695,000,000	CZK	695,000,000	CZK
IGY2 CB, a.s.	250,000,000	CZK	200,000,000	CZK
IGY2 CB, a.s.	21,000,000	EUR	11,000,000	EUR
IS Nyír Kft.	30,000,000	EUR	30,000,000	EUR
IS Zala Kft.	30,000,000	EUR	30,000,000	EUR
Janáčkovo nábřeží 15, s.r.o.	156,120,000	CZK	6,000,000	EUR
Jeseník Investments, a.s.	370,000,000	CZK	370,000,000	CZK
Karviná Property Development, a.s.	50,000,000	CZK	50,000,000	CZK
Kerina, a.s.	275,000,000	CZK	275,000,000	CZK
KOENIG Shopping, s.r.o. (formerly Nový Projekt CPI, s.r.o.)	1,704,580,000	CZK	25,000,000	EUR
KOENIG Shopping, s.r.o. (merged KOENIG, s.r.o.)	--	--	4,000,000	EUR
Komárno Property Development, a.s.	7,000,000	EUR	7,000,000	EUR
Land Properties, a.s. (formerly Družstvo Land)	80,000,000	CZK	80,000,000	CZK
LD Praha, a.s.	320,000,000	CZK	220,000,000	CZK
Levice Property Development, a.s.	7,000,000	EUR	7,000,000	EUR
Liptovský Mikuláš Property Development, a.s.	7,000,000	EUR	7,000,000	EUR
Lockhart, a.s.	1,448,789,000	CZK	800,000,000	CZK
Lockhart, a.s.	--	--	16,000,000	EUR
Lucemburská 46, a.s.	260,200,000	CZK	10,000,000	EUR
Malerba, a.s.	10,000,000	CZK	10,000,000	CZK
Marissa Gama, a.s.	1,500,000,000	CZK	1,500,000,000	CZK
Marissa Kappa, a.s.	400,000,000	CZK	400,000,000	CZK
Marissa Omikrón, a.s.	2,000,000,000	CZK	2,000,000,000	CZK
Marissa Tau, a.s.	189,420,000	CZK	189,420,000	CZK
Marissa Théta, a.s. (merged REZIDENCE MASARYKOVA 36, s.r.o.)	165,000,000	CZK	165,000,000	CZK
Marissa West, a.s.	900,000,000	CZK	900,000,000	CZK
Marissa Yellow, a.s.	350,000,000	CZK	350,000,000	CZK
Marissa Ypsilon, a.s.	1,400,000,000	CZK	1,400,000,000	CZK
Marissa, a.s.	700,000,000	CZK	700,000,000	CZK
MB Futurum HK s.r.o.	1,400,000,000	CZK	--	--
MB Property Development, a.s.	170,000,000	CZK	170,000,000	CZK
Michalovce Property Development, a.s.	7,000,000	EUR	7,000,000	EUR
Modřanská Property a.s.	--	--	350,000,000	CZK
MQM Czech, a.s.	100,000,000	CZK	--	--
MUXUM, a.s.	370,000,000	CZK	300,000,000	CZK
Na Poříčí, a.s.	1,400,000,000	CZK	980,000,000	CZK
New Age Kft.	620,000	EUR	--	--
NOVÁ ZBROJOVKA, s.r.o.	2,600,000,000	CZK	--	--

Company	Drawdown Limit	2018	Drawdown Limit	2017
OC Nová Zdaboř a.s.	450,000,000	CZK	450,000,000	CZK
OC Spektrum, s.r.o.	719,000,000	CZK	529,000,000	CZK
OFFICE CENTER HRADČANSKÁ, a.s.	500,000,000	CZK	200,000,000	CZK
Office Center Poštová, s.r.o.	8,800,000	EUR	8,800,000	EUR
Olomouc City Center, a.s.	570,000,000	CZK	500,000,000	CZK
Olomouc Office, a.s.	395,000,000	CZK	250,000,000	CZK
Outlet Arena Moravia, s.r.o.	78,060,000	CZK	3,000,000	EUR
Ozrics Kft.	3,700,000	EUR	3,700,000	EUR
Pelhřimov Property Development	320,000,000	CZK	320,000,000	CZK
Polus Shopping Center Zrt.	81,500,000	EUR	30,000,000	EUR
Polygon BC, a.s.	100,000,000	CZK	--	--
Považská Bystrica Property Development, a.s.	7,000,000	EUR	7,000,000	EUR
Prievidza Property Development, a.s.	7,000,000	EUR	7,000,000	EUR
Projekt Nisa, s.r.o.	2,853,000,000	CZK	960,630,000	CZK
Projekt Zlatý Anděl, s.r.o.	3,153,000,000	CZK	1,353,000,000	CZK
Příbor Property Development, s.r.o.	35,000,000	CZK	35,000,000	CZK
Residence Belgická, s.r.o.	78,060,000	CZK	3,000,000	EUR
Residence Izabella Zrt.	5,200,000	EUR	3,500,000	EUR
Spišská Nová Ves Property Development, a.s.	7,000,000	EUR	7,000,000	EUR
ST Project Limited	20,000,000	EUR	20,000,000	EUR
Statenice Property Development, a.s.	100,000,000	CZK	100,000,000	CZK
Strakonice Property Development, a.s.	10,000,000	CZK	10,000,000	CZK
Svitavy Property Alfa, a.s.	623,000,000	CZK	500,000,000	CZK
Svitavy Property Development, a.s.	70,000,000	CZK	70,000,000	CZK
Telč Property Development, a.s.	25,000,000	CZK	25,000,000	CZK
Tepelné hospodářství Litvínov s.r.o. (formerly Tepelná Litvínov s.r.o.)	220,000,000	CZK	200,000,000	CZK
Trebišov Property Development, s.r.o.	11,500,000	EUR	11,500,000	EUR
Trutnov Property Development, a.s.	--	--	575,000,000	CZK
Třinec Investments, s.r.o.	170,000,000	CZK	170,000,000	CZK
Třinec Property Development, a.s.	330,000,000	CZK	330,000,000	CZK
Tyršova 6, a.s.	156,120,000	CZK	6,000,000	EUR
U svatého Michala, a.s	250,000,000	CZK	250,000,000	CZK
Vigano, a.s.	300,000,000	CZK	300,000,000	CZK
VM Property Development a.s.	--	--	30,000,000	CZK
Vyškov Property Development, a.s.	660,000,000	CZK	660,000,000	CZK
ZLATICO LIMITED	30,000,000	EUR	30,000,000	EUR
Ždírec Property Development	220,000,000	CZK	225,000,000	CZK

The Company has been provided Credit facility agreements from following entities with upon conditions:

Company	Drawdown Limit	201 8	Drawdown Limit	201 7
Balvinder, a.s.	5,000,000	CZK	5,000,000	CZK
BC 30 Property Kft.	12,000,000	EUR	12,000,000	EUR

Company	Drawdown Limit	2018	Drawdown Limit	2017
BC 91 Real Estate Kft.	6,000,000	EUR	6,000,000	EUR
Beroun Property Development, a.s.	250,000,000	CZK	250,000,000	CZK
BPT Development, a.s.	15,000,000	CZK	--	--
Brno Property Development	620,000,000	CZK	--	--
CPI - Bor, a.s	200,000,000	CZK	200,000,000	CZK
CPI - Horoměřice, a.s.	10,000,000	CZK	--	--
CPI - Zbraslav, a.s.	250,000,000	CZK	250,000,000	CZK
CPI Energo, a.s.	50,000,000	CZK	--	--
CPI Epsilon, a.s.	250,000,000	CZK	250,000,000	CZK
CPI Hotels Properties, a.s.	45,000,000	CZK	--	--
CPI Hungary Kft.	5,000,000	EUR	--	--
CPI Národní, s.r.o.	400,000,000	CZK	400,000,000	CZK
CPI Palmovka Office, s.r.o.	1,200,000	EUR	1,200,000	EUR
CPI Park Mlýnec, a.s.	15,000,000	CZK	--	--
CPI Property Group S.A.	2,119,100,000	EUR	500,000,000	EUR
CPI Property Group S.A.	75,000,000	CHF	--	--
CPI Reality, a.s.	600,000,000	CZK	600,000,000	CZK
CPI Reality, a.s.	4,000,000	EUR	4,000,000	EUR
CPI Retail MB s.r.o.	250,000,000	CZK	250,000,000	CZK
CPI Retail Portfolio I, a.s.	150,000,000	CZK	150,000,000	CZK
CPI Retail Portfolio II, a.s.	200,000,000	CZK	200,000,000	CZK
CPI Retail Portfolio III, s.r.o.	--	--	200,000,000	CZK
CPI Retail Portfolio IV, s.r.o.	150,000,000	CZK	150,000,000	CZK
CPI Retail Portfolio VI, s.r.o.	100,000,000	CZK	100,000,000	CZK
CPI Retail Portfolio VII, s.r.o.	--	--	150,000,000	CZK
Darilia, a.s.	5,000,000	CZK	--	--
Gateway Office Park Kft.	20,000,000	EUR	--	--
HOTEL U PARKU, s.r.o.	50,000,000	CZK	--	--
Hraničář, a.s.	50,000,000	CZK	50,000,000	CZK
Janáčkovo nábřeží 15, s.r.o.	230,000,000	CZK	--	--
Jetřichovice Property, a.s.	10,000,000	CZK	--	--
Komárno Property Development, a.s.	4,000,000	EUR	4,000,000	EUR
Land Properties, a.s. (formerly Družstvo Land)	60,000,000	CZK	60,000,000	CZK
Lucemburská 46, a.s.	75,000,000	CZK	--	--
Marissa Théta, a.s.	100,000,000	CZK	--	--
Marissa Yellow, a.s.	3,000,000	CZK	3,000,000	CZK
MB Property Development, a.s.	50,000,000	CZK	50,000,000	CZK
MUXUM a.s.	--	--	5,000,000	EUR
Nymburk Property Development, a.s.	12,000,000	EUR	12,000,000	EUR
OC Nová Zdaboř a.s.	250,000,000	CZK	250,000,000	CZK
OFFICE CENTER HRADČANSKÁ, a.s.	10,000,000	CZK	10,000,000	CZK
PROJECT FIRST a.s.	140,000,000	CZK	--	--
Příbor Property Development, s.r.o.	50,000,000	CZK	--	--
Residence Belgická, s.r.o.	10,000,000	CZK	--	--

Company	Drawdown Limit	201 8	Drawdown Limit	201 7
ST Project Limited	200,000,000	EUR	100,000,000	EUR
Trebišov Property Development, s.r.o.	5,000,000	EUR	5,000,000	EUR
Třinec Property Development, a.s.	230,000,000	CZK	--	--
Turf Praha a.s.	60,000,000	CZK	--	--
Žďár Property Development, a.s.	--	--	50,000,000	CZK

NOTE 22 - REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Board and Audit Committee attendance compensation for the year 2018 amounts to EUR 36,000 (2017: EUR 36,000). The Annual General Meeting held on May 28, 2014 resolved to approve, with the effect as of January 1, 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.

NOTE 23 - RELATED PARTY TRANSACTIONS

As at December 31, 2018, Radovan Vitek, the ultimate beneficial owner of the Company, and Gamala Limited, an entity controlled by Radovan Vitek, were reported as part of affiliated undertakings.

Except as already disclosed elsewhere in the notes to the annual accounts, as at balance sheet date, the Company had transactions with the following entities considered as related parties and controlled by Radovan Vitek:

CPIPG Holding S.à r.l. (formerly RINDOSTERN S.à r.l.).
Efimacor S.à r.l.
Kosic S.à r.l.Polma 1 S.A.
Ravento S.à r.l.
Turf Praha a.s.
Whiplash Equities S.à r.l.

During the year, Radovan Vítek repaid a short term loan with the Company. The loan generated KEUR 966 of interest during the year (see Note 17.1)

NOTE 24 - GUARANTEES AND OTHER CONTINGENCIES

Eclair Aviation commitment

On March 2, 2018, the Company entered into a contract with Éclair Aviation under the terms of which the Company commit to a minimum usage of flight services representing a maximum amount of KEUR 4,200 per year.

Guarantee

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-Gesellschaft (Berlin), Orco Russian Retail, and MSREF V/MSREF Turtle B.V under an option agreement dated May 22/23, 2006 as amended on April 24/25, 2007 concerning the acquisition of all shares in Gewerbesiedlungs-Gesellschaft.

According to the framework agreement dated August 18, 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 favour 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 25.

NOTE 25 - LITIGATIONS

Kingstown

In January 2015 the Company was served with a summons by Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II LP of Delaware, Ktown LP of Delaware (collectively referred to as "**Kingstown**"), claiming to be former shareholders of the Company. The action was filed with the "*Tribunal d´Arrondissement de et a Luxembourg*" (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 February 19, 2016, whereby each claimant has to pay a legal deposit in the total amount of EUR 90,000 to the "*Caisse de Consignation*" in Luxembourg. Kingstown paid the deposit in January 2017 and the litigation, currently being in a procedural stage, is pending. In October 2018, Kingstown's legal advisors filed additional submission to increase the amount of alleged damages claimed to EUR 157 million. The Company continues to believe the claim is without merit and intends to vigorously contest it. Hearings on the admissibility of the claim are expected to take place second quarter of 2019.

Hagibor

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 Company in 2012. The Company is of the opinion that the lawsuit has no merit 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 favor of the financing bank. A hearing on the matter of the non-existence of pledges took place in November 2018. After the lawsuit was dismissed, OPG filed a new claim in the matter of non-existence of pledges.

Warrant holders

The Company was sued by holders of the warrants holders of 2014 Warrants registered under ISIN code XS0290764728 (the "**2014 Warrants**"). The first group of the holders of the Warrants sued the Company for approximately EUR 1.2 million in relation to the Change of Control Notice published by the Company, 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 June 8, 2016. The second holder of the 2014 Warrants sued the Company for approximately EUR 1 million in relation to the alleged change of control which allegedly occurred in 2013.

The Company will defend itself against these lawsuits and reminds that in accordance with the judgement of the Paris Commercial Court pronounced on October 26, 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 best of Company's knowledge, none of the holders of the 2014 Warrants who sued the Company filed their claims 2014 Warrants-related claims in the Company's Safeguard Plan.

NOTE 26 - POST BALANCE SHEET EVENTS

There have been no other material post balance sheet events that would require disclosure or adjustment to these annual accounts.