FINANCIAL INFORMATION

2019

Including the

Consolidated financial statements

for the period of 6 months ended as at 30 June 2019

(Unaudited)

CPI FIM SA * Société Anonyme * 40 rue de la Vallée, L2661 Luxembourg

R. C. S. Luxembourg – B 44.996

SUMMARY

Management Report as at 30 June 2019

CPI FIM SA, *société anonyme* (the "Company", former Orco Property Group, *société anonyme*) and its subsidiaries (together the "Group" or "CPI FIM") is principally involved in the development of properties for its own portfolio or intended to be sold in the ordinary course of business. The Company is a subsidiary of CPI Property Group (also as "CPI PG"), which indirectly holds approximately 97% of the Company shares. The Company is also involved in providing of equity loans and management services to other entities within the CPI PG group.

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 the first half of 2019, the Company continued to maintain its structure, improve its operational organisation and streamline its long-term approach.

Total assets increased by EUR 989.5 million (31%) to EUR 4,182.4 million as at 30 June 2019. The EPRA Net Asset Value per share as of 30 June 2019 was EUR 0.62 compared to EUR 0.56 as of 31 December 2018. At the end of June 2019, the Triple NAV amounted to EUR 0.60 per share compared to EUR 0.53 at the end of 2018.

The Company achieved an operating profit of EUR 11.6 million compared to EUR 5.5 million in the first half of 2018. The total net profit was EUR 69.7 million compared to EUR 18.5 million in H1 2018.

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 30 June 2019, the outstanding balance of the provided loans amounted to approximately EUR 2,952.1 million. The Company also provides strategic management and advisory services to entities within the CPI PROPERTY GROUP.

In May 2019, the Group finished the development of Mayhouse office building in Prague. The property extends the Company's office portfolio by 7,600 sqm and offers tenants attractive spaces in the city centre. The Group also sold out the residential project in Prague during the first half of 2019.

During the Annual General Meeting in May 2019, the Company's shareholders approved the statutory and annual accounts in addition to the allocation of financial results for the year ending 31 December 2018. The meeting resolved to appoint Anita Dubost, David Greenbaum, Edward Hughes, and Markus Kreuter to the Board of Directors of the Company until the next Annual General Meeting to be held in 2020. David Greenbaum was also elected Managing Director (*administrateur délégué*) of the Company.

I am of the view that in the first half of 2019, the Company continued the progress to become a more efficient and profitable operation which will remain to be the Company's primary intention in the rest of the year.

Jiri Dedera,
CEO

FIRST HALF 2019 AND POST-CLOSING KEY EVENTS

Renaming of the Company

Extraordinary General Meeting of Shareholders held on 24 April 2019 resolved to change the name of the Company from Orco Property Group to CPI FIM SA and amended the Company's articels of association.

Annual General Meeting of Shareholders

The annual general meeting of the shareholders of the Company was held on 29 May 2019 in Luxembourg (the "Annual Meeting"), with approximately 97.5% of the voting rights present or represented.

The Annual Meeting approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2018, as well as the allocation of financial results for the financial year ending 31 December 2018. The Annual Meeting further granted a discharge to the members of the Company's Board of Directors as well as to the auditors for the performance of their duties during the financial year ending 31 December 2018.

The Annual Meeting also resolved to appoint the following persons as members of the Company's Board of Directors until the annual general meeting of 2020: Anita Dubost, David Greenbaum, Edward Hughes, and Markus Kreuter. David Greenbaum was also elected Managing Director (*administrateur délégué*) of the Company.

Change of the auditor

The Company started a process to tender the auditor. The Annual Meeting did not approve KPMG as auditor for the year 2019. KPMG has served as auditor of the Company since 2013. The Company´s Audit Committee recommended an appointment of Ernst & Young („EY“) as Group´s new auditor for the financial year commencing on 1 January 2019. The appointment of EY as an auditor will be proposed to the Company´s general meeting of the shareholders, expected to be held in October 2019.

Completion of Mayhouse office in Prague

In May 2019, the Group finished the development of Mayhouse office building in Prague. The property extends the Group's office portfolio by 7,600 sqm and offers tenants attractive spaces in the city centre. Given continued robust demand dynamics for Prague offices, we actively took the decision to bring the property to the market when it was 33% let, with the full expectation that this will increase significantly in the second half of the year.

Project Benice sold out

The project Benice started in 2007. The project provided a luxurious and comfortable living in separate houses, semi-detached houses and apartments. The last units of this residential development were sold during the first half of 2019.

Ongoing 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 sqm of lettable area. Twelve WPP agencies occupy a total of nearly two thirds of the area (16,316 sqm). The long-term lease agreement is concluded from 2020 for 18 years.

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 H1 2019, the Company continued to provide the equity loans to other entities within the CPI PG group. As at 30 June 2019, the outstanding balance of the provided loans amounted to EUR 2,952.1 million.

MARKET ENVIRONMENT

Global macro-economic conditions

Czech Republic[1]

The Czech Republic maintained strong economic growth momentum at the start of the year, with an annual increase in GDP of 2.7% at the end of the first half of 2019, in line with the annual growth rate at the end of 2018. The quarterly increase of 0.6% in Q2 was in line with the growth rate in Q1. Nevertheless, the rate of economic growth is expected to decline moderately this year, weighed on by expectations of increasingly subdued export demand and investment levels.

According to the survey of macroeconomic forecasts conducted by the Ministry of Finance, GDP is expected to grow by 2.5% for the full year. Inflation edged down from 2.9% in May to 2.7% in June. As a result, it moved closer to the midpoint of the Central Bank's 1.0%–3.0% tolerance range. Annual average inflation held steady at May's 2.5% in June.

Despite expectations for a modest slowdown in growth, the majority of economic indicators remain very positive. The Czech Republic reached an unemployment rate of 1.9% at the end of June, the lowest of all EU states. The tightness of the labour market supported strong nominal wage growth of 7.4% in the first quarter compared to the end of 2018, which in turn has boosted consumer confidence and spending. Consumer Spending increased to 571.97 CZK billion in the first quarter of 2019 from 563.20 CZK billion in the fourth quarter of 2018, while the Czech consumer confidence indicator rose to 105.1 in June, the strongest reading in five months.

In terms of industrial activity, exports climbed 8.8% percent from a year earlier in May of 2019. Among major trade partners, exports rose to Germany (7.7%), Slovakia (5.1%), Poland (9.5%) and France (8.7%). Year on year increase in industrial production also increased by 3.2% in May 2019. However, business confidence has deteriorated throughout the first half of the year across the majority of industrial sectors, falling to 93.1 at the end of June, largely reflective of concerns about the slowing of economic growth and external challenges.

However, the story is much more positive in services, where the business confidence balance indicator is at the strongest level of all observed sectors, at +33 points. In Q2 2019, sales in services adjusted for calendar effects increased at constant prices by 1.4% on a year on-year basis, while year-on-year sales in the retail trade increased by 4.6% in June 2019.

The Czech Republic has maintained low levels of government debt relative to GDP, being the fifth lowest in the EU. The Czech National Bank remains focused on fiscal stability and manages the national currency carefully to maintain close parity with the Euro. The Czech Koruna has remained stable against the Euro in the first six months of the year, despite a 25bps interest rate increase by the central bank and diverging inflation expectations compared to the Euro area. The Czech National Bank predicts a modest strengthening of the Koruna against the Euro for the remainder of the year.

Potential challenges to the economic outlook stem primarily from the critical external sector, in particular challenges in Germany's automobile sector, dependency on the level of exports and the inflow of foreign investment in the context of a slowdown across continental Europe, as well as the shortage of labour leading to high wage inflation.

[1] Focus Economics, Czech Statistical Office, Eurostat, Trading Economics, Central European Financial Observer.eu

Poland[2]

In Poland, economic growth likely lost some steam in the second quarter, but was solid overall, after both domestic demand and the external sector powered a strong showing in the first quarter. While business sentiment worsened in the second quarter, consumer sentiment remains robust. Nominal retail sales rose 5.3% year-on-year in June, with rises across multiple categories. Unemployment was down to 3.8% at the end of June 2019, indicating tight labour conditions, supporting consumer confidence and spending. In June 2019, the annual inflation rate increased to 2.3% from 1.4% in June 2018 and 2.2% in May 2019.

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 none of the Group's properties 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).

In the first half of 2019, the Group has continued with the development of office buildings Bubenská in Prague and Nová Zbrojovka in Brno. The development of Mayhouse office building in Prague was completed in May 2019. The remainder of our development properties are land bank, the largest segment of which is in Prague.

Prague office market[3]

At the end of June 2019, the total modern office stock in Prague increased by 2.6% to 3,566,900 sqm, while the share of A-class office space stands at 72%.

The rate of gross take-up growth slowed slightly in the first half of the year compared to 2018, though demand remains at very high levels. The most active sector was Professional Services (20%), followed by the public sector (17%) and IT (17%).

In Q2 2019, the highest level of leasing activity was recorded in Prague 8 (38% of total gross demand) where the largest transaction of the quarter was signed – the renegotiation of Clearstream (17,100 sqm) in Futurama Business Park. Other active districts included Prague 4 (29%) and Prague 5 (10%).

There was a modest uptick in vacancy to 4.6% at the end of June 2019 (+30 bps q-o-q), although still close to historical lows. However, regional variance in average vacancy rates is broad across the city, where the highest rate is seen in Prague 5 at 6.9%, while the lowest vacancy is recorded in Prague 3 at 1.9%.

Prime headline rents in the city centre remained relatively stable at €21.00–23.00, although are expected to continue on an upward trajectory for A-grade offices in the most sought after locations. Average rents in inner-city are somewhat lower at €15.00–16.50, while outer-city is down at €13.50–15.00.

---

[2] Central Statistical Office of Poland, Eurostat, Emerging-Europe, Focus-Economics, Trading Economics

[3] Cushman & Wakefield, JLL, BNP Paribas

Annual supply should amount to more than 220,000 sqm in 2019. Currently 334,000 sqm is under construction and refurbishment, of which approximately 50% is pre-let, thus average vacancy rates are not expected to increase as new supply comes online. In addition to Mayhouse, during the second quarter two other major developments were completed: CSOB SHQ (30,000 sqm) and also Praga Studios (10,530 sqm).

Warsaw office market [4]

Warsaw is the fastest growing office market in the EU, benefiting from companies relocating due to Brexit, attracting financial institutions and other business services companies considering a move away from London. JP Morgan was the first company to make this move.

Prime headline rents rose in the central areas of Warsaw (at €17.0 – €24.0 sqm per month), due to a combination of high demand, the low vacancy rate and increasing construction costs. Prime assets located in the best non-central areas lease for €11.0 – €15.0 sqm per month. Prime yields stood at 4.75% for prime offices at the end of the first half of the year, while the vacancy rate was 5.6% at the end of the first half of the year in the city center.

Total pipeline supply in Poland stood at 1.65 million sqm at the end of June, of which Warsaw accounted for close to half (758,000 sqm). Availability of new office space in the central part of the city should improve in early 2020 when roughly 196,200 sqm of new supply is expected to be delivered. Most of the space completed in the first half of 2019 was located outside the city center. However, construction activity dominates in the center, especially in its western part. Due to the current shortages, owners are limiting lease incentives. In the first half of 2019, a total of approximately 406,000 sqm was leased, 3% lower than the first half of 2018. Nevertheless, the second quarter of 2019 brought the highest quarterly take-up level in the history of the Warsaw office market at 265,800 sqm.

[4] JLL, BNP Paribas Real Estate, CBRE

OPERATIONS OF THE GROUP IN H1 2019

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

Intragroup loans to CPI PG group

The Company 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 CPI FIM. Subsequently, CPI FIM provides the funds in a form of loans to the respective SPVs.

In H1 2019, the Company continued to provide the equity loans to other entities within the CPI PG group.

The Company generated interest income of EUR 75 million in H1 2019 which represents an increase by EUR 26 million, compared to H1 2018.

As at 30 June 2019, the Company provided loans to related parties in the amount of EUR 2,952 million, which represents an increase by EUR 584 million compared to 31 December 2018. As at 30 June 2019, the loans provided in the amount of EUR 135 million and EUR 2,817 million were classified as current and non-current, respectively.

Rendering of services to CPI PG group

CPI FIM, 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 CPI FIM 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 the six-month period ended 30 June 2019, the Company provided CPI PG and its subsidiaries with services for a total amount of EUR 12.6 million (EUR 9.1 million in the six-month period ended 30 June 2018).

PROPERTY PORTFOLIO

Total Property Portfolio

The Group concentrates on long-term investments and real-estate leasinge, 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 rental.

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

- Investment property
- Inventories
- Assets held for sale

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

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

"Assets held for sale" 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 30 June 2019 with the presentation in our portfolio report:

Property Valuation

The consolidated financial statements for the six months ended 30 June 2019 have been 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 property portfolio owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

The Group's management analysed the situation on the real estate market at the time together with current yields and then applied discount rates and other factors used by independent valuators in their appraisals as of 31 December 2018. As a result, the fair value of the property portfolio as of 30 June 2019 was determined based on the management's analysis described above and it does not significantly differ from the fair value as of 31 December 2018.
In instances where there have been indications of significant changes and therefore with potential impact on the property value during the first half of 2019, the value of the property has been updated based on the external or internal appraisals as of 30 June 2019.

The property portfolio valuation as at 30 June 2019 is based on reports issued by:

- 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.

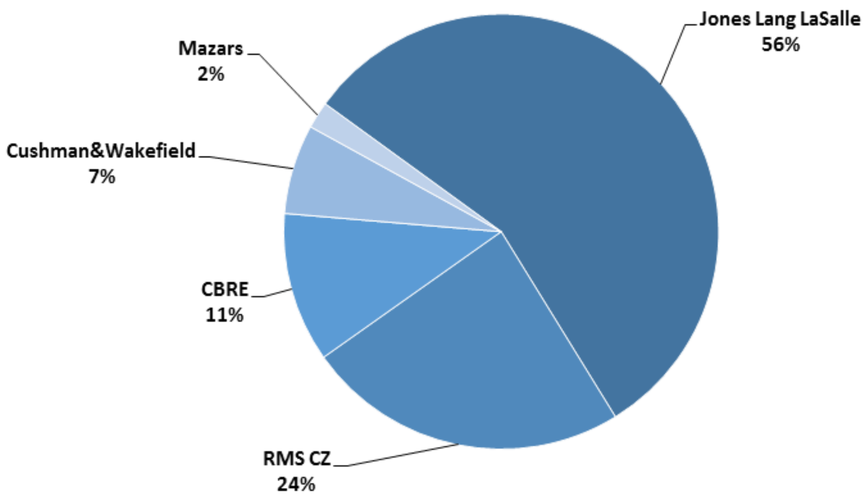
- RSM CZ (further "RSM"). RSM is part of the seventh largest network of professional firms RSM International. RSM International operates in 116 countries, has over 750 offices and more than 41,000 professionals. RSM provides clients with services in the field of mergers & acquisitions, valuations, tax, trustee services, accounting and payroll.

- 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.

- 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 400 offices in 70 countries, employing more than 51,000 professionals.

- Mazars. Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. Mazars operates across the globe located in 89 countries and draws on the expertise of about 40,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development.

Property portfolio by valuator



The following table shows the carrying value of the Group's property portfolio as of 30 June 2019 and 31 December 2018:

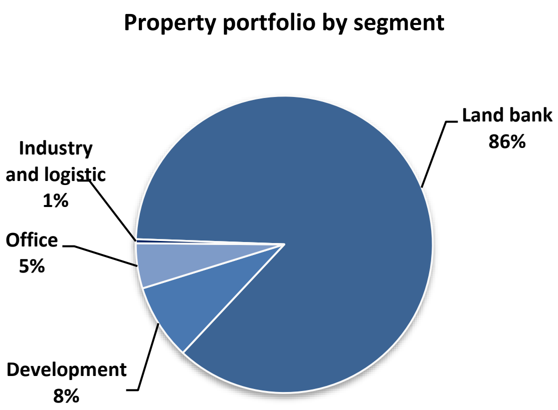
PROPERTY PORTFOLIO as at 30 June 2019	No of properties	GLA thousand sqm	Office MEUR	Industry and logistics MEUR	Development MEUR	Land bank MEUR	PP value MEUR	PP value %
Czech Republic	4	17	20	2	42	440.2	505	99%
Poland*	1	1	5	--	--	0.4	5	1%
The GROUP	5	18	25	2	42	441	510	100%

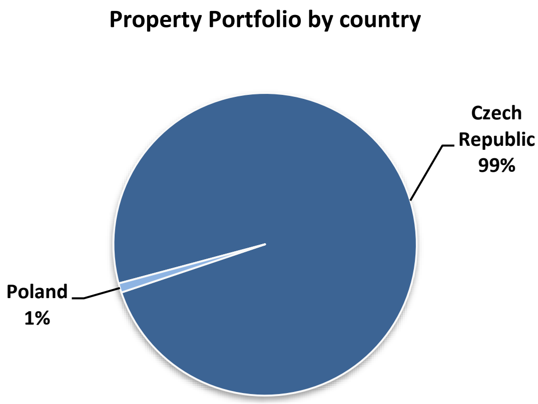
*Asset held for sale included

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	9**	--	2	41	435	478	99%
Poland*	1	1	5	--	--	0.4	5	1%
The GROUP	6	10	5	2	41	435	483	100%

*Asset held for sale included
** Restated

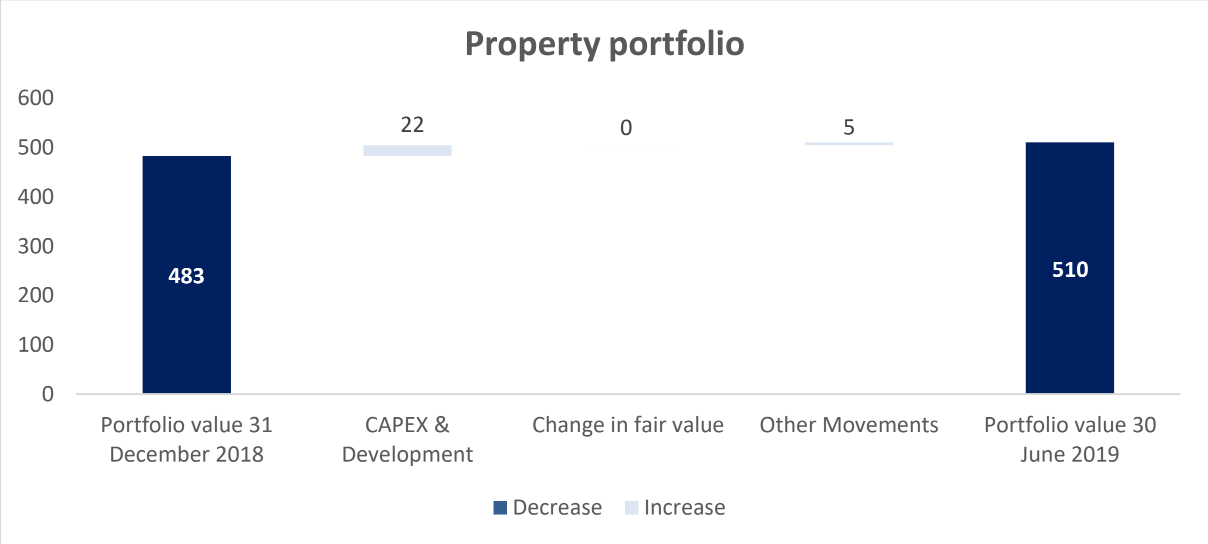
The Group property value total EUR 510 million as of 30 June 2019 (31 Dec 2018: EUR 483 million), of which 86% represent land bank. The majority of the Group property portfolio is located in Czech Republic with 99% of the total value, followed by Poland with 1%.





The total net change of EUR 27 million in the portfolio value in H1 2019 was mainly attributable to the following:

- additions of EUR 22 million mainly on Investment Property within whole Group;
- positive currency conversion of EUR 5 million mainly related to strengthening of Czech koruna.


Property portfolio
600
500
400
300
200
100
0
483
22
0
5
510
Portfolio value 31 December 2018
CAPEX & Development
Change in fair value
Other Movements
Portfolio value 30 June 2019
Decrease
Increase

Land Bank

Key Figures – June 2019

441 million EUR	17,626,000 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 30 June 2019	Total area thds. sqm	Area with zoning thds. sqm	Area without zoning thds. sqm	PP value MEUR	PP value %	Outstanding financing MEUR
Czech Republic	17,612	1,307	16,305	440.2	99.9%	--
Poland*	14	14	--	0.4	0.1%	--
THE GROUP	17,626	1,321	16,305	441	100%	--

*Asset held for sale included

LAND BANK 31 December 2018	Total area thds. sqm	Area with zoning thds. sqm	Area without zoning thds. sqm	PP value MEUR	PP value %	Outstanding financing 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	435	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 2018: EUR 151 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 – June 2019

46,000 sqm	42 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 30 June 2019	Nº 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	2	46	--	42	--	100%	--	--
THE GROUP	2	46	--	42	--	100%	--	--

DEVELOPMENT 31 December 2018	Nº 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%	--

- Bubenská, Prague

The Bubenská 1 building was constructed during the 1930s. The building belongs to the most distinguished functionalist buildings in Prague. The property primarily provides office space. 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 is undergoing 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.

- Nová Zbrojovka

The Nová Zbrojovka 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 sqm, and which will provide office, retail and storage accommodation, and with a planned 456 parking units.

Office

Key Figures – June 2019

49.0 %	2
Occupancy	Number of properties
25 million EUR	**9,000 sqm**
Property value	Gross lettable area

Office portfolio represents an important segment of investment activities of the Group. As of 30 June 2019 the Group owns buildings in Poland and Czech Republic.

OFFICE 30 June 2019	N° of properties	PP value MEUR	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm EUR	Outstanding financing MEUR
Czech Republic	1	20	81%	8	39.4%	1.9	--
Poland	1	5	19%	1	100.0%	19.5	--
The GROUP	2	25	100%	9	49.0%	7.6	--

OFFICE 31 December 2018	N° of properties	PP value MEUR	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm H1 2018 EUR	Outstanding financing MEUR
Poland	1	4	100%	1	100.0%	19.0	--
The GROUP	1	4	100%	1	100.0%	19.0	--

- Diana Office, Warsaw

The property was constructed in 2004 and comprises 1,400 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.

- Mayhouse, Prague

The Mayhouse office building is located in the sought-after area of Pankrác, Prague 4. Mayhouse has an excellent accessibility. Only a few minutes' walk is situated metro line C Pražského povstání and tram station Vozovna Pankrác is just around the corner. By car, you can promptly reach the historic city centre as well as to the Prague ring road and D1 motorway.
The office building has six above ground floors and offer more than 7,600 sqm of leasable modern space. The interior of the premises comprises modern, 'A' grade office areas, which include air-conditioned offices with suspended ceilings, double floors, openable windows, kitchenettes and the electronic access system. Fitness, showers, bike storage and lounge are situated on the ground floor. There are also 69 parking spaces in the underground parking garage.
Given continued robust demand dynamics for Prague offices, we actively took the decision to bring the property to the market when it was 33% let, with the full expectation that this will increase significantly in the second half of the year.

Industry and Logistic

Key Figures – June 2019

74.6 %	Occupancy
1	Number of properties
2 million EUR	Property value
8,800 sqm	Gross lettable area

The Group currently owns about 8,800 sqm of rental space and manages complex Industrial Park Stříbro used for light industry, located in Plzeňský region in Czech Republic.

INDUSTRY AND LOGISTICS 30 June 2019	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%	1.8	--
The GROUP	1	2	100%	9	74.6%	1.8	--

INDUSTRY AND LOGISTICS 31 December 2018	N° of properties	PP value MEUR	PP value %	GLA thds. sqm	Occupancy %	Rent per sqm H1 2018 EUR	Outstanding financing MEUR
Czech Republic	1	2	100%	9	74.6%	1.8	--
The GROUP	1	2	100%	9	74.6%	1.8	--

FINANCING

Cash and cash equivalents

As at 30 June 2019, cash and cash equivalents consist of cash at bank of EUR 384.6 million (2018: EUR 14.7 million) and cash in hand of EUR 8 thousand (2018: EUR 8 thousand).

Financial liabilities

Financial liabilities amount to EUR 3,133.7 million including mainly loans from CPI PG (EUR 2,877.2 million).

Financial liabilities increased by EUR 954.2 million. This variation is mainly due to additional drawdowns of loans provided by CPI PG (EUR 937.4 million).

RESULTS AND NET ASSETS

Income statement

Income statement for the six-month period ended 30 June 2019 corresponds to the semi-annual consolidated financial statements.

Reported income statement for the period of six months ended 30 June 2019 is as follows:

	6 month period ended	
	30 June 2019	30 June 2018
Gross rental income	753	800
Sale of services	14,600	9,427
Cost of service charges	(2,105)	(410)
Property operating expenses	(555)	(608)
Net service and rental income	12,693	9,209
Development sales	-	5
Development operating expenses	-	(7)
Net development income	-	(2)
Total revenues	15,353	10,232
Total direct business operating expenses	(2,660)	(1,025)
Net business income	12,693	9,207
Net valuation gain on investment property	41	3,071
Net gain on the disposal of investment property and subsidiaries	239	3,003
Amortization, depreciation and impairments	5,525	(2,567)
Administrative expenses	(6,940)	(7,182)
Other operating income	22	23
Other operating expenses	(10)	(75)
Operating result	11,570	5,480
Interest income	74,994	49,275
Interest expense	(33,409)	(24,184)
Other net financial result	18,814	(7,865)
Net finance income	60,399	17,226
Share of profit of equity-accounted investees (net of tax)	(379)	(362)
Profit before income tax	71,590	22,344
Income tax expense	(1,940)	(3,867)
Net profit from continuing operations	69,650	18,477

Rendering of services

Service income increased to EUR 12.6 million in H1 2019 (H1 2018: EUR 9.1 million). The increase is due to providing of advisory services to entities within the Group and controlled by the ultimate shareholder of the Group.

Administrative expenses

Administrative expenses decreased to EUR 6.9 million in H1 2019 compared to EUR 7.2 million in H1 2018. The advisory expenses primarily include the management services received from related parties in amount of EUR 4.7 million in H1 2019 (H1 2018 : EUR 5.4 million).

Net finance income

Total net finance income has risen from EUR 17.2 million in H1 2018 to EUR 60.4 million in H1 2019. The interest income increased from EUR 49.3 million in H1 2018 to EUR 75 million in H1 2019. 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 loss of EUR 7.9 million in H1 2018 to a gain of EUR 18.8 million in H1 2019. The main cause of this improvement is net foreign exchange gain (EUR 18.8 million), which was driven by movement of EUR against CZK.

Balance sheet

Balance sheet as at 30 June 2019 corresponds to semi-annual consolidated financial statements.

	30 June 2019	31 December 2018
NON-CURRENT ASSETS		
Intangible assets	18	27
Investment property	509,510	474,778
Property, plant and equipment	421	398
Equity accounted investees	3,511	3,890
Other investments	130,683	125,406
Loans provided	2,817,011	2,283,819
Trade and other receivables	8,075	7,988
Deferred tax asset	179,937	180,021
Total non-current assets	3,649,166	3,076,327
CURRENT ASSETS		
Inventories	276	7,967
Current income tax receivables	333	275
Trade receivables	9,127	5,400
Loans provided	135,061	84,474
Cash and cash equivalents	384,652	14,705
Other financial assets	1,962	1,956
Other non-financial assets	1,444	1,378
Assets held for sale	390	384
Total current assets	533,245	116,541
TOTAL ASSETS	4,182,411	3,192,868
EQUITY		
Equity attributable to owners of the Company	783,260	702,413
Non-controlling interests	165,146	166,453
Total equity	948,406	868,866
NON-CURRENT LIABILITIES		
Financial debts	2,479,767	2,091,697
Deferred tax liability	36,374	34,160
Provisions	1,592	1,574
Other financial liabilities	3,896	2,356
Total non-current liabilities	2,521,629	2,129,787
CURRENT LIABILITIES		
Financial debts	653,952	87,853
Trade payables	14,221	18,941
Income tax liabilities	2	141
Other financial liabilities	40,651	83,736
Other non-financial liabilities	3,550	3,544
Total current liabilities	712,376	194,215
TOTAL EQUITY AND LIABILITIES	4,182,411	3,192,868

Total assets and total liabilities

Total assets increased by EUR 989.5 million (31%) to EUR 4,182.4 million as at 30 June 2019. 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 3,234 million as at 30 June 2019 which represents an increase by EUR 910 million (39.2%) compared to 30 June 2018. 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 30 June 2019 is EUR 0.62 compared to EUR 0.56 as at 31 December 2018.

The EPRA Triple NAV amounts to EUR 0.60 per share compared to EUR 0.53 at the end of last year. The calculation is compliant with the EPRA (European Public Real Estate Associations) “Triple Net Asset Value per share” standard methodology which is described below.

	June 2019	December 2018
Consolidated equity	783,260	702,413
Deferred taxes on revaluations	33,940	33,653
EPRA Net asset value	817,200	736,066
Existing shares (in thousands)	1,314,508	1,314,508
Net asset value in EUR per share	0.62	0.56
EPRA Net asset value	817,200	736,066
Deferred taxes on revaluations	(33,940)	(33,653)
EPRA Triple Net asset value (*)	783,260	702,413
Fully diluted shares	1,314,508	1,314,508
Triple net asset value in EUR per share	0.60	0.53

(*) 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, CPI FIM 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 first half of 2019 the consolidated equity increased by EUR 80 million. The main driver of this increase is the profit for the period amounting to EUR 70 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. The Annual Meeting held on 29 May 2019 did not approve KPMG as auditor for the year 2019. KPMG has served as auditor of the Company since 2013. The Company´s Audit Committee recommended an appointment of Ernst & Young („EY") as Group´s new auditor for the financial year commencing on 1 January 2019. The appointment of EY as an auditor will be proposed to the Company´s general meeting of the shareholders, expected to be held in October 2019.

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).

The Company parent company CPI PG has implemented industry best practices with respect to corporate governance and external reporting. In 2019, the Group approved the "Code of Business Ethics and Conduct of CPI Property Group" and also newly updated policies governing governing procurement, supplier and tenants' conduct, anti-bribery and corruption, anti-money laundering, sanctions and export controls, whistleblowing, human capital and employment and corporate social responsibility (CSR). These were adopted for the Group.

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.

Current Board of Directors

As of 30 June 2019 the Board of Directors consisted of: 2 members representing the management of CPI PG group, Mr. David Greenbaum and Mrs. Anita Dubost, and 2 independent members, Mr. Edward Hughes and Mr. Markus Kreuter.

The current members of the Board of Directors are appointed until the Annual General Meeting of 2020 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2019. David Greenbaum is also elected Managing Director (administrateur délégué) of the Company.

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 in view of the realisation of the corporate purpose; all matters that are not reserved for the General Meeting by law or by the present Articles of Association shall be within its competence. In its relationship with third parties, the Company shall even be bound by acts exceeding the Company's corporate purpose, unless it can prove that the third party knew such act exceeded the Company's corporate purpose or could not ignore this taking account of circumstances.

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 persons, who need not be Directors (a "Managing Director"). The realization and the pursuit of all transactions and operations basically approved by the Board of Directors are likewise included in the daily management of the Company. Within this scope, acts of daily management may include particularly all management and provisional operations, including the realization and the pursuit of acquisitions of real estate and securities, the establishment of financings, the taking of participating interests and the placing at disposal of loans, warranties and guarantees to group companies, without such list being limitative.

Signatory powers within the Board of Directors

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

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

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

Management of the Company

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

- be responsible for preparing complete, timely, reliable and accurate financial reports in accordance with the accounting standards and policies of the Company;
- submit an objective and comprehensible assessment of the company's financial situation to the Board of Directors;
- regularly submit proposals to the Board of Directors concerning strategy definition;
- participate in the preparation of decisions to be taken by the Board of Directors;
- supply the Board of Directors with all information necessary for the discharge of its obligations in a timely fashion;
- set up internal controls (systems for the identification, assessment, management and monitoring of financial and other risks), without prejudice to the Board's monitoring role in this matter; and
- regularly account to the Board for the discharge of its responsibilities.

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

As of 30 June 2019, the Company's management consisted of the following members:

Jiri Dedera, Chief Executive Officer joined the Company in January 2014. 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 2019, the Company employed several managers from CPI PG in order to reflect Company's intragroup managerial and financing function within CPI PG structure.

Committees of the Board of Directors

As of 30 June 2019 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 in 2019 the Audit Committee is now comprised of Mr. Edward Hughes, Mr. Markus Kreuter, and Mrs. Anita Dubost. Mr. Edward Hughes is the president of the Audit Committee.

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 in 2019 the Remuneration, Appointment and Related Party Transaction Committee (the "Remuneration Committee") is now comprised of of Mr. Edward Hughes, Mr. Markus Kreuter, and Mr. David Greenbaum. Mr. Edward Hughes is the president of the Remuneration Committee.

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.

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 30 June 2019.

(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 30 June 2019. The information collected is based on the notifications received by the Company from any shareholder crossing the thresholds of 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%

(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

CPI FIM 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 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.cpifimsa.com.

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

External Auditors

The appointment of KPMG expired 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.

The Company´s Audit Committee recommended an appointment of Ernst & Young („EY") as Group´s new auditor for the financial year commencing on 1 January 2019. The appointment of EY as an auditor will be proposed to the Company´s general meeting of the shareholders, expected to be held in October 2019.

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 5%, 10%, 15%, 20%, 33 1/3%, 50% and 66 2/3% of the aggregate voting rights in the Company.

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

Authorized capital not issued

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

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

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

CORPORATE RESPONSIBILITY

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

CPI FIM SA
40 rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg B 44996
(the "**Company**")

DECLARATION LETTER
INTERIM FINANCIAL REPORTS
AS AT 30 JUNE 2019

1.1. Person responsible for the Semi - Annual Financial Report

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

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

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

- the condensed consolidated interim financial statements of the Company as at 30 June 2019, 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 30 June 2019 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 28 August 2019

Mr. Jiří Dedera
CEO

CPI FIM SA

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOT THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

(UNAUDITED)

CPI FIM SA's Board of Directors has approved the condensed consolidated interim financial statements for the six-month period ended 30 June 2019 on 28 August 2019.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

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

	Note	6 month period ended 30 June 2019	30 June 2018 Adjusted*
Gross rental income		753	800
Sale of services*	5.1	14,600	9,427
Cost of service charges*		(2,105)	(410)
Property operating expenses		(555)	(608)
Net service and rental income		12,693	9,209
Development sales		-	5
Development operating expenses		-	(7)
Net development income		-	(2)
Total revenues		15,353	10,232
Total direct business operating expenses		(2,660)	(1,025)
Net business income		12,693	9,207
Net valuation gain*	5.2	41	3,071
Net gain on the disposal of investment property and subsidiaries		239	3,003
Amortization, depreciation and impairments	5.3	5,525	(2,567)
Administrative expenses	5.4	(6,940)	(7,182)
Other operating income		22	23
Other operating expenses		(10)	(75)
Operating result		11,570	5,480
Interest income	5.5	74,994	49,275
Interest expense	5.5	(33,409)	(24,184)
Other net financial result*	5.6	18,814	(7,865)
Net finance income		60,399	17,226
Share of loss of equity-accounted investees (net of tax)	6.2	(379)	(362)
Profit before income tax		71,590	22,344
Income tax expense	5.7	(1,940)	(3,867)
Net profit from continuing operations		69,650	18,477
Items that may or are reclassified subsequently to profit or loss			
Translation difference		4,613	(7,544)
Effective portion of changes in fair value of available-for-sale financial assets		5,277	6,299
Other comprehensive income for the period, net of tax		9,890	(1,245)
Total comprehensive income for the period		79,540	17,232
Profit attributable to:			
Owners of the Company		70,957	18,420
Non-controlling interests		(1,307)	57
Profit for the period		69,650	18,477
Total comprehensive income attributable to:			
Owners of the Company		80,847	17,175
Non-controlling interests		(1,307)	57
Total comprehensive income for the period		79,540	17,232
Earnings per share	6.10		
Basic earnings in EUR per share		0.05	0.01
Diluted earnings in EUR per share		0.05	0.01

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.1.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

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

	Note	30 June 2019	31 December 2018
Non-current assets			
Intangible assets		18	27
Investment property	6.1	509,510	474,778
Property, plant and equipment		421	398
Equity accounted investees	6.2	3,511	3,890
Other investments	6.3	130,683	125,406
Loans provided	6.4	2,817,011	2,283,819
Trade and other receivables	6.5	8,075	7,988
Deferred tax asset	6.6	179,937	180,021
Total non-current assets		3,649,166	3,076,327
Current assets			
Inventories	6.7	276	7,967
Income tax receivables		333	275
Trade receivables	6.8	9,127	5,400
Loans provided	6.4	135,061	84,474
Cash and cash equivalents	6.9	384,652	14,705
Other financial assets		1,962	1,956
Other non-financial assets		1,444	1,378
Assets held for sale		390	386
Total current assets		533,245	116,541
Total assets		4,182,411	3,192,868
Equity			
Equity attributable to owners of the Company	6.10	783,260	702,413
Non-controlling interests		165,146	166,453
Total equity		948,406	868,866
Non-current liabilities			
Financial debts	6.11	2,479,767	2,091,697
Deferred tax liability		36,374	34,160
Provisions		1,592	1,574
Other financial liabilities		3,896	2,356
Total non-current liabilities		2,521,629	2,129,787
Current liabilities			
Financial debts	6.11	653,952	87,853
Trade payables	6.12	14,221	18,941
Income tax liabilities		2	141
Other financial liabilities	6.13	40,651	83,736
Other non-financial liabilities		3,550	3,544
Total current liabilities		712,376	194,215
Total equity and liabilities		4,182,411	3,192,868

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

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

	Share capital	Share premium	Translation reserve	Other reserves	Equity attributable to owners of the company	Non controlling interests	Total equity
Balance at 1 January 2019	13,145	784,670	22,091	(117,493)	702,413	166,453	868,866
Profit for the period	-	-	-	70,957	70,957	(1,307)	69,650
Translation difference	-	-	4,613	-	4,613	-	4,613
Effective portion of changes in fair value of available-for-sale financial assets	-	-	-	5,277	5,277	-	5,277
Total comprehensive income for the period	-	-	4,613	76,234	80,847	(1,307)	79,540
Balance at 30 June 2019	13,145	784,670	26,704	(41,259)	783,260	165,146	948,406

	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
Profit for the period	-	-	-	18,420	18,420	57	18,477
Translation difference	-	-	(7,544)	-	(7,544)	-	(7,544)
Effective portion of changes in fair value of available-for-sale financial assets	-	-	-	6,299	6,299	-	6,299
Total comprehensive income for the period	-	-	(7,544)	24,719	17,175	57	17,232
Disposal of non-controlling interests under common control	-	-	-	-	-	107,272	107,272
Balance at 30 June 2018	13,145	784,670	17,483	(237,093)	578,205	170,012	748,217

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

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

	Note	6 month period ended 30 June 2019	30 June 2018 Adjusted*
Profit before income tax		71,590	22,344
Adjusted by:			
Net valuation gain on investment property*	5.2	(41)	(3,071)
(Gain)/Loss on the disposal of investment property and subsidiaries		(239)	(3,003)
Depreciation/amortisation of tangible and intangible assets	5.3	5	-
Impairment of assets/Reversal of impairment of assets	5.3	(5,530)	2,567
Net finance costs	5.5, 5.6	(41,585)	(25,028)
Share of loss of equity accounted investees	6.2	379	362
Unrealized exchange rate differences*		(14,697)	8,073
Profit before changes in working capital and provisions		9,882	2,244
Decrease/(increase) in inventories		(29)	126
Increase in trade and other receivables		(3,727)	(6,827)
(Decrease)/ increase in trade and other payables		(46,261)	3,024
Changes in provisions		33	(57)
Income tax paid		(146)	(705)
Net cash from operating activities		(40,248)	(2,195)
(Acquisition)/settlement of subsidiaries, net of cash acquired/disposed		-	2,532
Purchase and expenditures on investment property		(20,029)	(7,858)
Purchase and expenditures of property, plant and equipment		(286)	(335)
Proceeds from sale of investment property		323	1,045
Loans provided		(633,703)	(699,026)
Loans repaid		121,003	179,405
Interest received		23,582	8,985
Net cash used in investing activities		(509,110)	(515,251)
Drawdowns of loans and borrowings		930,527	615,819
Repayments of loans and borrowings		(6,209)	(8,124)
Interest paid		(4,902)	(2,597)
Net cash from financing activities		919,416	605,098
Net increase in cash		370,058	87,651
Cash and cash equivalents at the beginning of the year		14,705	11,230
Effect of movements in exchange rates on cash held		(111)	33
Cash and cash equivalents at the end of the six-month period ended		384,652	98,914

* Comparative financial information adjusted due to change in accounting policy, for more information refer to note 2.1.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General information

On 24 April 2019, the Company changed its name from ORCO PROPERTY GROUP to CPI FIM SA.

CPI FIM SA, société anonyme (the "Company") and its subsidiaries (together the "Group" or "CPI FIM") 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 30 June 2019, CPI PROPERTY GROUP S.A. indirectly owns 97.31% of the Company shares.

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 30 June 2019, Radovan Vítek, the ultimate beneficial owner of the Group, indirectly owns 87.80% of CPI PG.

For the list of shareholders as at 30 June 2019 refer to note 6.10.

Board of Directors

As at 30 June 2019 the Board of Directors consists of the following directors:

Mrs. Anita Dubost

Mr. David Greenbaum

Mr. Edward Hughes

Mr. Markus Kreuter

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation of consolidated financial statements

(a) Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

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

As at 30 June 2019, the interim condensed consolidated statement of financial position shows an excess of current liabilities over current assets of EUR 179.1 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 interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 28 August 2019.

The interim condensed consolidated financial statements have not been audited.

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

- Right-of-use assets: The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.
- Lease liabilities: At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.
- Short-term leases and leases of low-value assets: The Group applies the short-term lease recognition exemption to its short-term leases. Short term leases have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

(b) Changes in accounting policies applied in the six months period ended 31 December 2018

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 reliable and 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 for the six months ended 30 June 2018 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:

	30 June 2018	Effect of the accounting policy change	30 June 2018 Adjusted
Net business income	9,207	-	9,207
Net valuation gain on investment property	-	3,071	3,071
Operating result	2,409	3,071	5,480
Other net financial result	(4,794)	(3,071)	(7,865)
Net finance income	20,297	(3,071)	17,226
Profit before income tax	22,344	-	22,344
Net profit from continuing operations	18,477	-	18,477

Change in recognition of service charges from net to gross

The Group changed, in respect of service charges, revenue recognition policy 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 5.1.

The presentation of the consolidated statement of comprehensive income for the six months ended 30 June 2018 was adjusted due to changes in accounting policy as follows:

	30 June 2018	Effect of IFRS 15 adoption	30 June 2018 Adjusted
Gross rental income	800	-	800
Service revenue	9,136	(9,136)	-
Net service charge income	(119)	(119)	-
Sale of services	-	9,427	9,427
Cost of service charges	-	(410)	(410)
Property operating expense	(608)	-	(608)
Net rental income	9,209	-	9,209
Total revenues	9,822	410	10,232
Total direct business operating expenses	(615)	(410)	(1,025)
Net business income	9,207	-	9,207

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 30 June 2018 was adjusted accordingly.

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

- Gain related to changes in purchase price was reclassified to Net gain/(loss) on the disposal of investment property and subsidiaries. Comparative information of EUR 2.5 million as at 30 June 2018 was adjusted accordingly.

3 The Group structure

CPI FIM SA is the Group's ultimate parent company.

As at 30 June 2019 the Group comprises its parent company and 34 subsidiaries (at 31 December 2018 - 33 subsidiaries) and three joint ventures.

3.1 Changes in the Group structure in 2019

On 23 April 2019, the Group founded Vysočany Office a.s.

4 Entity-wide disclosures

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

	6 month period ended			
	30 June 2019		30 June 2018	
	Amount	In %	Amount	In %
Luxembourg	74,994	100%	49,275	100%
Total	74,994	100%	49,275	100%

Loans provided by country of the creditor

	30 June 2019		31 December 2018	
	Amount	In %	Amount	In %
Luxembourg	2,817,011	95%	2,283,819	96%
Non-current loans provided	2,817,011	95%	2,283,819	96%
Czech Republic	3,876	-	3,834	-
Luxembourg	131,185	5%	80,640	4%
Current loans provided	135,061	5%	84,474	4%
Total	2,952,072	100%	2,368,293	100%

4.2 Other business activities

Revenues by countries

	6 month period ended			
	30 June 2019		30 June 2018	
	Amount	In %	Amount	In %
Czech Republic	1,269	8%	842	8%
- Land bank	916	6%	569	6%
- Office	90	-	21	-
- Development	-	-	11	-
- Industry and logistics	263	2%	241	2%
Luxembourg	13,853	90%	9,167	90%
- Rendering of services	13,820	90%	9,135	90%
- Other	33	-	32	-
Poland	231	2%	223	2%
- Office	231	2%	223	2%
Total	15,353	100%	10,232	100%

Investment property by countries

	30 June 2019		31 December 2018	
	Amount	In %	Amount	In %
Czech Republic	504,831	99%	470,103	99%
- Land bank	440,215	87%	427,896	90%
- Office	20,343	4%	-	-
- Development	42,036	8%	40,327	9%
- Industry and logistics	2,237	-	1,880	-
Poland	4,679	1%	4,675	1%
- Office	4,679	1%	4,675	1%
Total	509,510	100%	474,778	100%

5 Condensed consolidated interim statement of comprehensive income

5.1 Sale of services

	6 month period ended 30 June 2019	30 June 2018 Adjusted*
Service revenue	12,610	9,136
Service charge income	1,978	279
Revenues from sales of utilities	12	12
Total sale of services	14,600	9,427

* The Group, adopting IFRS 15, changed accounting policy for service charge income from net to gross revenue recognition. Comparative information as of 30 June 2018 was adjusted accordingly, refer to note 2.1 for more detail.

5.2 Net valuation gain

	6 month period ended 30 June 2019	30 June 2018 Adjusted*
Valuation gain, net of foreign exchange gain	1,763	-
Valuation loss, net of foreign exchange loss	(4)	-
Net foreign exchange gain/(loss)	(1,718)	3,071
Net valuation gain	41	3,071

* 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 30 June 2018 was adjusted accordingly, refer to note 2.1 for more detail.

In the six-month period ended 30 June 2019, the Group realized valuation gain of EUR 1.8 million related to one Prague's office project.

5.3 Amortization, depreciation and impairments

	6 month period ended 30 June 2019	30 June 2018
Depreciation and amortization	(5)	-
Total impairment of assets/reversal of impairment	5,530	(2,567)
Total amortization, depreciation and impairments	5,525	(2,567)

In the six-month period ended 30 June 2019, the Group reversed part of the impairment related to loans provided primarily due to partial repayment of one of the impaired loans.

5.4 Administrative expenses

	6 month period ended 30 June 2019	30 June 2018
Advisory and tax services	(5,184)	(5,768)
Personnel expenses	(636)	(454)
Other administrative expenses	(1,120)	(960)
Total administrative expenses	(6,940)	(7,182)

In the six-month period ended 30 June 2019, the advisory expenses primarily include the management services received from related parties in amount of EUR 4.7 million (EUR 5.4 million in the six-month period ended 30 June 2018).

Personnel administrative expenses

	6 month period ended 30 June 2019	30 June 2018
Wages and salaries	(496)	(354)
Social and health security contributions	(137)	(99)
Other social expenses	(3)	(1)
Total personnel administrative expenses	(636)	(454)

The Group has 13 employees as at 30 June 2019 (12 employees as at 30 June 2018).

5.5 Interest income and expense

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

Interest expense relates primarily to loans received from related parties, (see note 6.11 and 11).

5.6 Other net financial result

	6 month period ended 30 June 2019	30 June 2018 Adjusted*
Other net financial result	17	(44)
Net foreign exchange gain/(loss)	18,814	(7,802)
Bank charges	(17)	(19)
Total other net financial result	18,814	(7,865)

*The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties of EUR 3.1 million from the Other net financial result to the Net valuation gain. Comparative information as of 30 June 2018 was adjusted accordingly, refer to note 2.1 for more information.

In the six-month period ended 30 June 2019, the foreign exchange gain was driven by retranslation of loans provided in foreign currencies.

5.7 Income tax expense

Tax recognized in profit or loss

	6 month period ended 30 June 2019	30 June 2018
Current income tax charge	(12)	(6)
Deferred income tax charge from temporary differences	(1,928)	(3,861)
Total income tax recognised in profit or loss	(1,940)	(3,867)

6 Condensed consolidated interim statement of financial position

6.1 Investment property

	Office	Industry and logistics	Land bank	Development	Total
Balance at 1 January 2019	4,675	1,880	427,896	40,327	474,778
Transfers	13,886	-	-	(13,886)	-
Transfers from inventory	-	-	7,720	-	7,720
Development costs and other additions	4,496	354	1,481	15,227	21,558
Disposals	(9)	-	(84)	-	(93)
Valuation gain, net	1,705	(21)	(1,643)	-	41
- *valuation gain*	*1,763*	-	-	-	*1,763*
- *valuation loss*	*(58)*	*(21)*	*(1,643)*	-	*(1,722)*
Translation differences	269	24	4,845	368	5,506
Balance at 30 June 2019	25,022	2,237	440,215	42,036	509,510

	Office	Industry and logistics	Land bank	Development	Total
Balance at 1 January 2018	16,356	1,400	424,255	8,362	450,373
Development costs and other additions	1,965	-	4,152	1,741	7,858
Disposals	(16)	-	(558)	-	(574)
Translation differences	(251)	-	(5,131)	(190)	(5,572)
Balance at 30 June 2018	18,054	1,400	422,718	9,913	452,085

Transfers

In the six-month period ended 30 June 2019, the Prague's office project Mayhouse was completed and transferred to office from development.

Transfers from inventory

In the six-month period ended 30 June 2019, Benice land bank project in Prague was reclassified from inventory to the investment property in the amount of EUR 7.7 million as the project was completed.

Development costs

In the six-month period ended 30 June 2019, the development costs primarily related to development project Nová Zbrojovka in Brno, Czech Republic of EUR 9.1 million, Bubenská project in Prague of EUR 6.2 million and construction works of EUR 4.5 million related to construction works on the project Prague's office project Mayhouse.

In the six-month period ended 30 June 2018, the most significant development costs related to construction works on the project Nová Zbrojovka in Brno (EUR 4.2 million) and reconstruction of building Bubenská 1 in Prague (EUR 2.0 million).

Valuation gain

In the six-month period ended 30 June 2019, the valuation gain of EUR 1.8 million related to one Prague's office project.

6.2 Equity accounted investees

The equity accounted investment in the amount of EUR 3.5 million (EUR 3.9 million as at 31 December 2018) represents investment in 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%.

	30 June 2019	31 December 2018
At 1 January	3,890	4,571
Share of profit / (loss)	(379)	(698)
Purchase of additional 15% stake	-	17
Total	3,511	3,890

6.3 Other investments

For the valuation of the CPI PG shares, held as at 30 June 2019, the EPRA NAV per CPI PG share was used. The same valuation approach was used as at 31 December 2018, when the Group used EPRA NAV per share of CPI PG as at 31 December 2018. EPRA NAV per share of CPI PG (EUR 0.52) differs from the price at the stock-exchange (EUR 0.71) as at 30 June 2019.

6.4 Loans provided

Non-current loans provided

	30 June 2019	31 December 2018
Loans provided - related parties and joint ventures	2,829,247	2,299,363
Impairment to non-current loans provided to related parties	(12,236)	(15,544)
Total non-current loans provided net of impairment	2,817,011	2,283,819

Current loans provided

	30 June 2019	31 December 2018
Loans provided - related parties and joint ventures	131,185	80,640
Bills of exchange – third parties	11,511	11,442
Impairment - bills of exchange – third parties	(7,635)	(7,608)
Total current loans provided net of impairment	135,061	84,474

Loans provided increased due to new loans provided to related parties and new drawdown of existing loans. These loans bear interest rate between 1.18% - 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 11.5 million as at 30 June 2019 (EUR 11.2 million as at 31 December 2018).

Bills of exchange as at 30 June 2019 and 31 December 2018 relate to Radio Free Europe deferred consideration.

6.5 Trade and other non-current receivables

	30 June 2019	31 December 2018
Advances paid	12	12
Other receivables due from related parties	8,063	7,976
Total non-current receivables	8,075	7,988

As at 30 June 2019 and 30 June 2018, the other receivables due from related parties relate to assignment of CPI PG's receivables.

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 30 June 2019 (EUR 175.3 million as at 31 December 2018). In Luxembourg, tax losses incurred until 2017 may be carried forward indefinitely.

6.7 Inventories

	30 June 2019	31 December 2018
Projects and property for resale	5	7,717
Projects under development	271	250
Total inventories	276	7,967

Projects and property for resale as at 30 June 2018 related primarily to Prague's development project Benice, which was reclassified to the investment property in the six-month period ended 30 June 2019 as the project was completed.

6.8 Trade and other current receivables

	30 June 2019	31 December 2018
Trade receivables due from related parties	8,605	4,164
Trade receivables due from third parties	715	1,385
Impairment – trade receivables due from other parties	(193)	(149)
Total trade and other receivables	9,127	5,400

6.9 Cash and cash equivalents

	30 June 2019	31 December 2018
Bank balances	384,644	14,697
Cash on hand	8	8
Total cash and cash equivalents	384,652	14,705

6.10 Equity

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.

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: 1) 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: 31 December 2019; exercise price: EUR 7.21; listing: Euronext Paris. 2) 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: 31 December 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 2018: 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

	30 June 2019	30 June 2018
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	69,650	18,477
Net profit attributable to the Equity holders of the Company after assumed conversions/exercises	69,650	18,477
Total Basic earnings in EUR per share	0.05	0.01
Diluted earnings in EUR per share	0.05	0.01

Basic earnings per share 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 in account in the diluted earnings per share calculation.

6.11 Financial debts

	30 June 2019	31 December 2018
Loans from related parties	2,479,506	2,091,439
Finance lease liabilities	261	258
Total non-current financial debts	2,479,767	2,091,697
Loans from related parties	653,884	87,835
Loans from third parties	50	-
Finance lease liabilities	18	18
Total current financial debts	653,952	87,853

Compared to 31 December 2018, there was significant increase in loan principal received from CPI Property Group S.A. as at 30 June 2019. Balance of the loan was EUR 2,835.2 million as at 30 June 2019 (EUR 1,924.2 million as at 31 December 2018). The loan bears interest rate between 1.14% - 4.95% p.a.

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

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

	Financial debts and bonds issued		
	Loans and borrowings	Finance lease liabilities	Total
Balance at 1 January 2019	2,179,274	276	2,179,550
Changes from financing cash flows			
Interest paid	(4,902)	-	(4,902)
Drawings of loans and borrowings	930,527	-	930,527
Repayments of loans and borrowings	(6,209)	-	(6,209)
Total changes from financing cash flows	919,416	-	919,416
The effect of changes in foreign exchange rates	1,341	3	1,344
Interest expense	33,409	-	33,409
Balance at 30 June 2019	3,133,440	279	3,133,719

6.12 Trade payables

	30 June 2019	31 December 2018
Trade payables due to related parties	6,742	8,128
Trade payables due to third parties	7,479	10,813
Total trade payables	14,221	18,941

6.13 Other financial current liabilities

	30 June 2019	31 December 2018
Other payables due to related parties	39,307	82,628
Other financial current liabilities due to third parties	1,344	1,108
Total other financial current liabilities	40,651	83,736

In the six-month period ended 30 June 2019, Other payables decreased due to partial repayment of assignment of receivables to the Group (EUR 43.3 million).

7 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).

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2019.

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

	30 June 2019		31 December 2018	
Financial assets measured at fair value	Carrying amount	Fair value	Carrying amount	Fair value
CPI Property Group shares*	130,669	130,669	125,392	125,392
Other investments	14	14	14	14
Financial assets not measured at fair value				
Loans provided**	2,936,795	2,936,795	2,353,433	2,353,433
Loans provided to joint venture	11,401	11,401	11,026	11,026
Radio Free Europe deferred consideration	3,876	4,080	3,834	4,036
Financial liabilities not measured at fair value				
Financial debt	3,133,719	3,133,719	2,179,550	2,179,550

* For the valuation as at 30 June 2019, the shares are valued using EPRA NAV per share of CPI PG as at 30 June 2019 (refer to note 6.3).

** 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 bear limited credit risk from the Group's perspective.

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. In cases where there have been indicators of significant changes identified, the value of the asset has been updated based on the external or internal appraisal as of 30 June 2019.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2019.

Main observable and unobservable inputs

The table below presents the fair value hierarchy of the valuation, the valuation method, the key observable and unobservable inputs for each class of property owned by the Group, used by the valuers as at 30 June 2019.

Class of property – Office	Fair Value 2019 MEUR	Fair Value 2018 MEUR	Valuation technique	Key unobservable inputs	Range (weighted avg) 2019	Range (weighted avg) 2018
Complementary Assets Portfolio - Office	20	5	DCF	ERV per sqm	€171	€226
Level 3				NRI per sqm	€1	€199
				Discount Rate	5.0%	7.3%
				Exit Yield	7.0%	6.8%
				Vacancy rate	60.58%	0%

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-Gesellsschaft (Berlin), Orco Russian Retail, and MSREF V/MSREF Turtle B.V under an option agreement dated 22/23 May 2006 as amended on 24/25 April 2007 concerning the acquisition of all shares in Gewerbesiedlungs-Gesellsschaft.

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

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

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. In June 2019, the Court issued a first instance judgement, dismissing the claim against CPI PG because the claim was not clearly pleaded ("*libellé obscur*") in relation to CPI PG. Hearings on the admissibility of the claim against the Company are expected to take place second half 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. A court hearing on the non-existence of pledges is expected to take place in 2H 2019.

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 32.8 million in respect of capital expenditures contracted as at 30 June 2019 (EUR 48.3 million as at 31 December 2018).

11 Related party transactions

Transactions with key management personnel

Total compensation given as short-term employee benefits to the top managers for the six-month period ended 30 June 2019 was EUR 0.3 million (EUR 0.1 million in the six-month period ended 30 June 2018).

The Board and Committees attendance compensation in the six-month period ended 30 June 2019 was EUR 20,083 (EUR 18,000 in the six-month period ended 30 June 2018). 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.

Transactions with CPI PG Group

Non-current loans provided

	30 June 2019	31 December 2018
Airport City Kft.	16,448	13,974
Airport City Phase B Kft.	2,012	2,168
Andrássy Hotel Zrt.	4,985	5,000
Andrássy Real Kft.	11,023	11,099
Arena Corner Kft.	37,397	37,873
Balvinder, a.s.	5,043	4,875
Baudry Beta, a.s.	11,334	11,297
Baudry, a.s.	18,552	13,486
BAYTON Alfa, a.s.	14,640	14,526
BC 99 Office Park Kft.	27,248	13,500
Beroun Property Development, a.s.	9,604	9,633
Best Properties South, a.s.	67,923	67,403
BPT Development, a.s.	4,367	-
Brandýs Logistic, a.s.	15,650	15,962
Brno Property Development, a.s.	1,289	1,229
Březiněves, a.s.	7,288	8,224
Buy-Way Dunakeszi Kft.	6,703	7,266
Buy-Way Soroksár Kft.	4,013	2,011
Byty Lehovec, s.r.o.	1,016	4
CAMPONA Shopping Center Kft.	64,411	66,074
Carpenter Invest, a.s.	1,999	1,977
CB Property Development, a.s.	903	-
Conradian, a.s.	5,855	5,217
CPI – Bor, a.s.	1,515	-
CPI - Orlová, a.s.	1,087	1,075
CPI - Real Estate, a.s.	2,968	3,116
CPI - Štupartská, a.s.	5,800	5,759
CPI Alfa, a.s.	9,714	9,562
CPI Beet, a.s.	181	150
CPI Blatiny, s.r.o.	4,760	3,331
CPI BYTY, a.s.	120,166	121,376
CPI Delta, a.s.	961	721
CPI East, s.r.o.	133,944	133,082
CPI Flats, a.s.	714	-
CPI Hotels Properties, a.s.	5,791	395
CPI IMMO, S.a.r.l.	3,797	3,797
CPI Jihlava Shopping, a.s.	10,768	10,281
CPI Kappa, s.r.o.	821	1,492
CPI Lambda, a.s.	73	20
CPI Meteor Centre, s.r.o.	16,694	17,128
CPI Office Prague, s.r.o.	78,778	96,185
CPI Palmovka Office, s.r.o.	-	19
CPI Property a Facility, s.r.o.	333	329
CPI PROPERTY GROUP S.A.	556,752	53,363
CPI Reality, a.s.	34,903	38,068
CPI Retail MB s.r.o.	8,761	8,933

	30 June 2019	31 December 2018
CPI Retail One Kft.	9,887	9,480
CPI Retail Portfolio Holding Kft.	19,558	19,514
CPI Retail Portfolio I, a.s.	1,999	8,011
CPI Retail Portfolio II, a.s.	5,007	4,953
CPI Retail Portfolio IV, s.r.o.	6,240	6,810
CPI Retail Portfolio V, s.r.o.	4,800	4,724
CPI Retail Portfolio VI, s.r.o.	1,887	2,083
CPI Retail Portfolio VIII s.r.o.	4,351	4,373
CPI Retails ONE, a.s.	10,350	10,180
CPI Retails ROSA s.r.o.	4,470	4,491
CPI Retails THREE, a.s.	32,386	32,927
CPI Retails TWO, a.s.	8,836	9,046
CPI Shopping MB, a.s.	31,342	33,135
CPI Shopping Teplice, a.s.	45,391	42,453
CPI Vestec, s.r.o.	5,576	6,921
Czech Property Investments, a.s.	380,901	328,609
Čadca Property Development, s.r.o.	1,274	1,334
Čáslav Investments, a.s.	2,274	2,260
Dienzenhoferovy sady 5, s.r.o.	7,448	7,318
EMH South, s.r.o.	8,815	10,503
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	15,346	15,346
Europeum Kft.	4,335	3,925
Farhan, a.s.	50,805	54,514
FL Property Development, a.s.	196	200
Futurum HK Shopping, s.r.o.	93,915	50,568
Gateway Office Park Kft.	16,039	16,363
HD Investment s.r.o.	60	52
Hightech Park Kft.	3,861	3,827
Hospitality Invest S.a r.l.	2,378	2,628
Hraničář, a.s.	14,224	14,225
IGY2 CB, a.s.	1,103	853
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	1,966	2,097
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	7,996	8,446
Janáčkovo nábřeží 15, s.r.o.	3,927	3,809
Jeseník Investments, a.s.	2,067	1,899
Kerina, a.s.	6,874	6,802
KOENIG Shopping, s.r.o.	49,366	61,244
Komárno Property Development, a.s.	2,284	2,442
LD Praha, a.s.	5,591	5,525
Levice Property Development, a.s.	3,858	3,928
Liptovský Mikuláš Property Development, a.s.	4,450	4,410
Lockhart, a.s.	25,152	19,931
Lucemburská 46, a.s.	8,669	8,793
Malerba, a.s.	257	118
Marissa Gama, a.s.	40,778	40,942
Marissa Kappa, a.s.	4,135	4,091
Marissa Omikrón, a.s.	22,942	22,730
Marissa Tau, a.s.	5,282	6,625
Marissa Théta, a.s.	1,647	1,628
Marissa West, a.s.	34,648	34,144
Marissa Yellow, a.s.	7,887	9,268
Marissa Ypsilon, a.s.	39,431	38,682
Marissa, a.s.	29,194	20,911
MB Futurum HK s.r.o.	--	43,127
MB Property Development, a.s.	914	1,066
Michalovce Property Development, a.s.	4,587	4,717
MUXUM, a.s.	4,947	4,858
Na Poříčí, a.s.	30,719	30,388
New Age Kft.	567	567
OC Nová Zdaboř a.s.	8,747	8,916
OC Spektrum, s.r.o.	3,055	11,069
OFFICE CENTER HRADČANSKÁ, a.s.	12,278	12,347
Office Center Poštová, s.r.o.	4,561	4,657
Olomouc City Center, a.s.	9,283	9,095
Olomouc Office, a.s.	6,429	6,490
Orchard Hotel a.s.	9,933	-
Outlet Arena Moravia, s.r.o.	1,851	1,973
Ozrics Kft.	2,425	2,469
Pelhřimov Property Development, a.s.	2,729	2,747
Pólus Shopping Center Zrt.	62,441	62,578

	30 June 2019	31 December 2018
Považská Bystrica Property Development, a.s.	1,352	1,494
Prievidza Property Development, a.s.	3,405	3,493
Projekt Nisa, s.r.o.	77,987	82,944
Projekt Zlatý Anděl, s.r.o.	78,613	104,218
Příbor Property Development, s.r.o.	428	319
Residence Belgická, s.r.o.	1,658	1,799
Residence Izabella, Zrt.	4,486	4,486
Spišská Nová Ves Property Development, a.s.	3,989	3,969
Statenice Property Development, a.s.	2,082	2,057
Svitavy Property Alfa, a.s.	9,625	9,646
Telč Property Development, a.s.	393	387
Tepelné hospodářství Litvínov, s.r.o.	965	565
Trebišov Property Development, s.r.o.	231	281
Třinec Investments, s.r.o.	2,415	2,504
Třinec Property Development, a.s.	4,204	4,158
Tyršova 6, a.s.	2,062	1,966
U svatého Michala, a.s.	3,195	3,195
Vigano, a.s.	8,864	8,699
Vyškov Property Development, a.s.	3,273	3,293
Ždírec Property Development, a.s.	714	728
Total loans provided non-current - related parties	2,817,846	2,288,337
Uniborc S.A.	11,401	11,026
Total loans provided non-current - joint ventures	11,401	11,026
Total loans provided non-current - related parties and joint ventures	2,829,247	2,299,363

Current loans provided

	30 June 2019	31 December 2018
Airport City Kft.	338	129
Airport City Phase B Kft.	14	17
Andrássy Hotel Zrt.	19	29
Andrássy Real Kft.	556	-
Arena Corner Kft.	439	260
Balvinder, a.s.	99	71
Baudry Beta, a.s.	161	198
Baudry, a.s.	447	-
BAYTON Alfa, a.s.	518	125
BC 99 Office Park Kft.	630	157
Beroun Property Development, a.s.	137	139
Best Properties South, a.s.	1,724	328
BPT Development, a.s.	130	-
Brandýs Logistic, a.s.	149	130
Brno Property Development, a.s.	39	-
Březiněves, a.s.	349	-
Buy-Way Dunakeszi Kft.	55	11
Buy-Way Soroksár Kft.	30	3
Byty Lehovec, s.r.o.	20	-
CAMPONA Shopping Center Kft.	2,529	111
Carpenter Invest, a.s.	100	-
CB Property Development, a.s.	14	102
Conradian, a.s.	285	-
CPI – Bor, a.s.	6	-
CPI - Orlová, a.s.	33	-
CPI – Real Estate, a.s.	52	12
CPI - Štupartská, a.s.	88	34
CPI Alfa, a.s.	140	209
CPI Beet, a.s.	7	4
CPI Blatiny, s.r.o.	202	-
CPI BYTY, a.s.	1,183	1,489
CPI Delta, a.s.	11	243
CPI East, s.r.o.	4,141	205
CPI Flats, a.s.	14	-
CPI Hotels Properties, a.s.	92	12
CPI IMMO, S.a.r.l.	97	68
CPI Jihlava Shopping, a.s.	605	-
CPI Kappa, s.r.o.	38	2
CPI Lambda, a.s.	1	-
CPI Meteor Centre, s.r.o.	141	136
CPI Office Prague, s.r.o.	2,672	71
CPI Property a Facility, s.r.o.	9	2
CPI PROPERTY GROUP S.A.	5,784	2,250

	30 June 2019	31 December 2018
CPI Reality, a.s.	914	1,115
CPI Retail MB s.r.o.	99	102
CPI Retail One Kft.	982	457
CPI Retail Portfolio Holding Kft.	982	-
CPI Retail Portfolio I, a.s.	64	37
CPI Retail Portfolio II, a.s.	103	39
CPI Retail Portfolio IV, s.r.o.	66	53
CPI Retail Portfolio V, s.r.o.	79	31
CPI Retail Portfolio VI, s.r.o.	20	16
CPI Retail Portfolio VIII s.r.o.	90	47
CPI Retails ONE, a.s.	229	29
CPI Retails Rosa s.r.o.	68	99
CPI Retails THREE, a.s.	565	327
CPI Retails TWO, a.s.	219	11
CPI Shopping MB, a.s.	926	216
CPI Shopping Teplice, a.s.	888	227
CPI Vestec, s.r.o.	74	34
Czech Property Investments, a.s.	15,161	6,663
Čadca Property Development, s.r.o.	65	-
Čáslav Investments, a.s.	45	36
Dienzenhoferovy sady 5, s.r.o.	180	88
EMH South, s.r.o.	378	10
ENDURANCE HOSPITALITY FINANCE S.á.r.l.	779	693
Europeum Kft.	30	31
Farhan, a.s.	1,508	-
FL Property Development, a.s.	6	-
Futurum HK Shopping, s.r.o.	1,048	689
GAMALA LIMITED	57,796	56,204
Gateway Office Park Kft.	116	24
HD Investment s.r.o.	2	-
Hightech Park Kft.	112	91
Hospitality Invest S.a r.l.	2,770	2,758
Hraničář, a.s.	313	63
IGY2 CB, a.s.	50	32
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	103	-
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	414	-
Janáčkovo nábřeží 15, s.r.o.	148	76
Jeseník Investments, a.s.	33	38
Kerina, a.s.	77	77
KOENIG Shopping s.r.o.	1,715	94
Komárno Property Development, a.s.	119	-
LD Praha, a.s.	211	6
Levice Property Development, a.s.	195	-
Liptovský Mikuláš Property Development, a.s.	222	-
Lockhart, a.s.	644	154
Lucemburská 46, a.s.	122	63
Malerba, a.s.	7	-
Marissa Gama, a.s.	458	432
Marissa Kappa, a.s.	125	28
Marissa Omikrón, a.s.	404	174
Marissa Tau, a.s.	319	-
Marissa Théta, a.s.	14	15
Marissa West, a.s.	1,744	-
Marissa Yellow, a.s.	544	-
Marissa Ypsilon, a.s.	785	398
Marissa, a.s.	694	-
MB Futurum HK s.r.o.	-	403
MB Property Development, a.s.	20	13
Michalovce Property Development, a.s.	234	-
MUXUM, a.s.	139	20
Na Poříčí, a.s.	616	529
New Age Kft.	26	13
OC Nová Zdaboř a.s.	112	115
OC Spektrum, s.r.o.	242	66
OFFICE CENTER HRADČANSKÁ, a.s.	260	109
Office Center Poštová, s.r.o.	80	43
Olomouc City Center, a.s.	317	8
Olomouc Office, a.s.	214	68
Orchard Hotel a.s.	269	-
Outlet Arena Moravia, s.r.o.	23	29

	30 June 2019	31 December 2018
Ozrics, Kft.	16	19
Pelhřimov Property Development, a.s.	46	33
Pólus Shopping Center Zrt.	1,806	103
Považská Bystrica Property Development, a.s.	72	-
Prievidza Property Development, a.s.	174	-
Projekt Nisa, s.r.o.	2,733	129
Projekt Zlatý Anděl, s.r.o.	2,141	154
Příbor Property Development, s.r.o.	7	12
Residence Belgická, s.r.o.	20	22
Residence Izabella, Zrt.	104	28
Spišská Nová Ves Property Development, a.s.	200	-
Statenice Property Development, a.s.	63	-
Svitavy Property Alfa, a.s.	331	60
Telč Property Development, a.s.	12	-
Tepelné hospodářství Litvínov, s.r.o.	18	14
Trebišov Property Development, s.r.o.	12	-
Trutnov Property Development, a.s.	-	9
Třinec Investments, s.r.o.	42	25
Třinec Property Development, a.s.	149	86
Tyršova 6, a.s.	29	26
U svatého Michala, a.s.	97	-
Vigano, a.s.	445	-
Vyškov Property Development, a.s.	45	46
Ždírec Property Development, a.s.	21	5
Total loans provided current - related parties	131,057	80,514
Uniborc S.A.	128	126
Total loans provided current - joint ventures	128	126
Total loans provided current - related parties and joint ventures	131,185	80,640

Non-current financial debts

	30 June 2019	31 December 2018
BC 30 Property Kft.	10,292	11,472
BC 91 Real Estate Kft.	4,539	4,578
CPI – Horoměřice, a.s.	-	266
CPI Energo, a.s.	314	311
CPI PROPERTY GROUP S.A.	2,295,017	1,924,152
Jetřichovice Property, a.s.	-	278
ST Project Limited	169,344	148,205
Turf Praha a.s.	-	2,177
Total financial debts non-current - related parties	2,479,506	2,091,439

Current financial debts

	30 June 2019	31 December 2018
BC 30 Property Kft.	451	295
BC 91 Real Estate Kft.	199	130
BPT Development, a.s.	399	389
Brno Property Development, a.s.	24,447	24,030
CPI - Bor, a.s.	6	1,917
CPI – Horoměřice, a.s.	275	2
CPI - Zbraslav, a.s.	3,017	2,899
CPI Energo, a.s.	7	3
CPI Epsilon, a.s.	5,588	5,449
CPI Hotels Properties, a.s.	1,720	1,676
CPI Hungary Kft.	774	763
CPI Národní, s.r.o.	9,414	7,483
CPI Park Mlýnec, a.s.	88	82
CPI PROPERTY GROUP S.A.	582,151	15,662
HOTEL U PARKU, s.r.o.	220	214
Janáčkovo nábřeží 15, s.r.o.	4,534	8,246
Jetřichovice Property, a.s.	285	2
Lucemburská 46, a.s.	2,539	2,474
Nymburk Property Development, a.s.	7,538	7,432
OFFICE CENTER HRADČANSKÁ, a.s.	-	5
PROJECT FIRST, a.s.	5,428	5,318
Residence Belgická, s.r.o.	-	199
ST Project Limited	4,804	3,135
Turf Praha a.s.	-	30
Total financial debts current - related parties	653,884	87,835

Interest income

	6 month period ended	
	30 June 2019	30 June 2018
AIRPORT CITY Kft.	296	157
Airport City Phase B Kft.	31	23
Andrássy Hotel Zrt.	69	53
Andrássy Real Kft.	556	51
Arena Corner Kft.	699	468
Balvinder, a.s.	169	209
Baudry Beta, a.s.	223	311
Baudry, a.s.	444	119
BAYTON Alfa, a.s.	677	316
BAYTON Gama, a.s.	-	918
BC 99 Office Park Kft.	473	14
Beroun Property Development, a.s.	271	327
Best Properties South, a.s.	1,713	800
BPT Development, a.s.	143	-
Brandýs Logistic, a.s.	275	400
Brno Property Development, a.s.	38	43
Březiněves, a.s.	346	480
Buy-Way Dunakeszi Kft.	111	-
Buy-Way Soroksár Kft.	56	-
Byty Lehovec, s.r.o.	20	-
CAMPONA Shopping Center Kft.	2,947	1,010
Carpenter Invest, a.s.	100	97
CB Property Development, a.s.	19	1,425
Conradian, a.s.	283	290
CPI – Bor, a.s.	6	-
CPI - Orlová, a.s.	33	32
CPI - Real Estate, a.s.	73	70
CPI - Štupartská, a.s.	121	133
CPI Alfa, a.s.	275	370
CPI Beet, a.s.	12	-
CPI Blatiny, s.r.o.	201	99
CPI BYTY, a.s.	2,362	-
CPI Delta, a.s.	21	143
CPI East, s.r.o.	5,439	2,447
CPI Flats, a.s.	14	-
CPI Hotels Properties, a.s.	92	51
CPI IMMO, S.a.r.l.	28	21
CPI Jihlava Shopping, a.s.	600	725
CPI Kappa, s.r.o.	40	77
CPI Lambda, a.s.	1	-
CPI Meteor Centre, s.r.o.	274	381
CPI Národní, s.r.o.	-	408
CPI Office Prague, s.r.o.	3,212	1,676
CPI Property a Facility, s.r.o.	7	8
CPI PROPERTY GROUP S.A.	3,534	917
CPI Reality, a.s.	917	302
CPI Retail MB s.r.o.	197	222
CPI Retail One Kft.	525	433
CPI Retail Portfolio Holding Kft.	982	734
CPI Retail Portfolio I, a.s.	159	-
CPI Retail Portfolio II, a.s.	102	-
CPI Retail Portfolio IV, s.r.o.	134	-
CPI Retail Portfolio V, s.r.o.	119	74
CPI Retail Portfolio VI, s.r.o.	41	-
CPI Retail Portfolio VIII s.r.o.	112	138
CPI Retails ONE, a.s.	338	133
CPI Retails ROSA s.r.o.	95	113
CPI Retails THREE, a.s.	777	476
CPI Retails TWO, a.s.	295	83
CPI Shopping MB, a.s.	1,186	614
CPI Shopping Teplice, a.s.	1,146	937
CPI Vestec, s.r.o.	163	-
Czech Property Investments, a.s.	8,477	1,858
Čadca Property Development, s.r.o.	65	70
Čáslav Investments, a.s.	79	108
Český Těšín Property Development, a.s.	-	90
Dienzenhoferovy sady 5, s.r.o.	179	212

	6 month period ended 30 June 2019	30 June 2018
EMH South, s.r.o.	454	278
Europeum Kft.	60	-
Farhan, a.s.	1,497	1,226
FL Property Development, a.s.	6	6
Futurum HK Shopping, s.r.o.	2,077	--
GAMALA LIMITED	1,380	2,755
Gateway Office Park Kft.	232	-
HD Investment s.r.o.	2	-
Hightech Park Kft.	85	-
Hospitality Invest S. a r.l.	13	-
Hraničář, a.s.	373	523
IGY2 CB, a.s.	52	661
IS Nyír Ingatlanhasznosítóés Vagyonkezelo Kft.	103	36
IS Zala Ingatlanhasznosítóés Vagyonkezelo Kft.	414	143
Janáčkovo nábřeží 15, s.r.o.	147	155
Jeseník Investments, a.s.	64	92
Kerina, a.s.	150	245
KOENIG Shopping, s.r.o.	2,356	--
Komárno Property Development, a.s.	119	135
LD Praha, a.s.	209	105
Levice Property Development, a.s.	195	197
Liptovský Mikuláš Property Development, a.s.	222	199
Lockhart, a.s.	640	628
Lucemburská 46, a.s.	122	136
Malerba, a.s.	7	6
Marissa Gama, a.s.	879	1,286
Marissa Kappa, a.s.	124	116
Marissa Omikrón, a.s.	572	747
Marissa Tau, a.s.	317	350
Marissa Théta, a.s.	28	31
Marissa West, a.s.	1,732	1,515
Marissa Yellow, a.s.	540	606
Marissa Ypsilon, a.s.	1,173	1,525
Marissa, a.s.	690	309
MB Futurum HK s.r.o.	--	112
MB Property Development, a.s.	20	33
Michalovce Property Development, a.s.	234	234
Modřanská Property, a.s.	-	348
MUXUM, a.s.	158	211
Na Poříčí, a.s.	996	1,263
New Age Kft.	13	-
Nový Projekt CPI, s.r.o.	-	1,370
OC Nová Zdaboř a.s.	222	305
OC Spektrum, s.r.o.	303	379
OFFICE CENTER HRADČANSKÁ, a.s.	412	-
Office Center Poštová, s.r.o.	101	110
Olomouc City Center, a.s.	321	361
Olomouc Office, a.s.	213	139
Orchard Hotel a.s.	196	-
Outlet Arena Moravia, s.r.o.	46	60
Ozrics, Kft.	32	43
Pelhřimov Property Development, a.s.	78	102
Pólus Shopping Center Zrt.	2,254	1,076
Považská Bystrica Property Development, a.s.	72	135
Prievidza Property Development, a.s.	174	161
Projekt Nisa, s.r.o.	3,530	1,746
Projekt Zlatý Anděl, s.r.o.	3,043	1,960
Příbor Property Development, s.r.o.	13	14
Residence Belgická, s.r.o.	41	48
Residence Izabella, Zrt.	77	47
Spišská Nová Ves Property Development, a.s.	200	181
Statenice Property Development, a.s.	62	58
Svitavy Property Alfa, a.s.	411	252
Telč Property Development, a.s.	12	14
Tepelné hospodářství Litvínov, s.r.o.	25	98
Trebišov Property Development, s.r.o.	12	19
Trutnov Property Development, a.s.	-	496
Třinec Investments, s.r.o.	67	87
Třinec Property Development, a.s.	148	188

	6 month period ended 30 June 2019	30 June 2018
Tyršova 6, a.s.	28	73
U svatého Michala, a.s.	96	92
Vigano, a.s.	442	395
Vyškov Property Development, a.s.	88	150
ZLATICO LIMITED	-	329
Ždírec Property Development, a.s.	26	34
Total interest income - related parties	73,677	48,400
Uniborc S.A.	378	353
Total interest income - joint ventures	378	353
Total interest income - related parties and joint ventures	74,055	48,753

Interest expense

	6 month period ended 30 June 2019	30 June 2018
BC 30 Property Kft.	156	136
BC 91 Real Estate Kft.	69	61
BPT Development, a.s.	6	-
Brno Property Development, a.s.	357	55
CPI - Bor, a.s.	20	32
CPI – Horoměřice, a.s.	4	4
CPI - Zbraslav, a.s.	44	40
CPI Energo, a.s.	5	-
CPI Epsilon, a.s.	79	72
CPI Hotels Properties, a.s.	25	-
CPI Hungary Kft.	11	-
CPI Národní, s.r.o.	120	33
CPI Park Mlýnec, a.s.	1	-
CPI PROPERTY GROUP S.A.	30,708	7,718
CPI Reality, a.s.	-	1
CPI Retail Portfolio I, a.s.	-	26
CPI Retail Portfolio II, a.s.	-	45
CPI Retail Portfolio III, s.r.o.	-	25
CPI Retail Portfolio IV, s.r.o.	-	10
CPI Retail Portfolio VI, s.r.o.	-	6
CPI Retail Portfolio VII, s.r.o.	-	7
Czech Property Investments, a.s.	-	14,504
HOTEL U PARKU, s.r.o.	3	-
Janáčkovo nábřeží 15, s.r.o.	115	-
Jetřichovice Property, a.s.	4	4
Lucemburská 46, a.s.	37	-
MUXUM, a.s.	-	51
Nymburk Property Development, a.s.	106	98
OFFICE CENTER HRADČANSKÁ, a.s.	-	1
PROJECT FIRST a.s.	79	33
Residence Belgická, s.r.o.	2	-
ST Project Limited	1,669	1,222
Total interest expense – related parties	33,620	24,184

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 4.7 million for the first half of 2019.

Loan by CPI PG Group

As at 30 June 2019 the outstanding balance amounts to EUR 3,084.3 million with calculated the accrued interest in the amount of EUR 49.1 million. The most significant loans were with counterpart ST Project Limited with outstanding amounts of EUR 169.3 million and accrued interest in amount of EUR 4.8 million (interest rate is 2.13% p.a. and maturity of this loan is in 2030) and CPI PG with outstanding amounts to EUR 2,835.2 million and accrued interest in amount of EUR 42 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

On 5 August 2019, the Group acquired 100% of shares in Saint Barthemely sp. z o.o.