
CPI BYTY, a.s.

HALF-YEAR REPORT 2014

(unaudited)

KEY FIGURES

CPI BYTY in numbers – the first half of 2014

249,905

Gross rental income
(in thousands of CZK)

7,512,521

Investment property
(in thousands of CZK)

3,348,848

Equity
(in thousands of CZK)

75.84%

Occupancy rate (apartments)

103,454

Operating profit
(in thousands of CZK)

12,531

Number of apartments

71

Number of employees

8,330,761

Total assets
(in thousands of CZK)

CONTENTS

Key Figures	2
A cut above CPI BYTY	4
Message from the Director of CPI BYTY	5
Report on CPI BYTY	6
Company CPI BYTY	6
Economic Development in the Czech Republic	7
Residential Market in the Czech Republic	7
CPI BYTY Portfolio	8
Basic statistics of CPI BYTY flat portfolios	8
Investments	11
Property Valuation.....	12
Financing	13
Earnings and Balance Sheet Analysis	15
Information on Equity	17
Outlook	17
Person Responsible for the Half-year Report 2014	18
Financial Statements	19

A CUT ABOVE CPI BYTY

CPI BYTY, a.s. (hereinafter also referred to as "CPI BYTY" or "the Company") is the second largest provider of rental housing in the Czech Republic. The housing stock of CPI BYTY currently totals 12,531 apartments in the North Moravia, North Bohemia and Middle Bohemia region including Prague. The real estate portfolio is complemented by non-residential premises which are rented at market rents. The core business of CPI BYTY is the lease and facility management of its own properties. Employees of CPI BYTY provide tenants with comprehensive rental and management services.

The goal of the Company is to develop a potential of its real estate portfolio and to increase its commercial value. Cooperation with tenants and support of mutual relationship are the key points for prosperous rental housing business.

In June 2014 CPI BYTY became a part of GSG GROUP (hereafter "the Group"). The Group is a real estate group concentrating on long-term investments and the lease of real estate, mainly in Germany and the Central European region. The parent company of the Group is GSG GROUP, a Luxembourg based property company listed on the Regulated Market of the Frankfurt Stock Exchange in the General Standard segment.

The Group owns and manages 1,245,000 sq. m. of office space; 620,000 sq. m. of retail space; 17 hotels with over 8,000 beds and 262,000 sq. m. of space intended for light industry and storage. The Group is the larger lessor of the commercial property in the Berlin area and with over 12,500 apartments, it is the second largest provider of rental housing in the Czech Republic.

MESSAGE FROM THE DIRECTOR OF CPI BYTY

Dear Shareholder,
Dear Business Partners,

I would like to briefly describe the business activities of CPI BYTY in the first half of 2014.

For the six month period the rental income increased from 222 888 TCZK to 233 750 TCZK. It represents increase exceeding 4,8%. The forecast for rental income for the whole year 2014 is 456 000 TCZK. It means that CPI BYTY expects the highest rental income in history of the Company.

In H1 2014 the Company leased 774 new residential units in H1 2014 which is comparable with residential units leased in H1 2013. We could see a very positive development in termination rate as 688 rental contracts were terminated in H1 2014 compared to 750 rental contracts terminated in H1 2013. It represents year-on-year decrease by 8,3%.

I would like especially to mention the project of Client centres. In these centres the Company provides advisory and other services to existing tenants. Our qualified staff is able to help with the calculation of entitlement to tenant's housing benefits, exact housing allowance and allowance in material needs. This service is really appreciated by tenants as they are able to pay rent and improve their life conditions as a result of these state contributions. With a personal approach, the Company is able to create long-term partnerships reflected in the stability of rental income.

Prague, 29 August 2014



Daniel Bacík
Director
CPI BYTY, a.s.

REPORT ON CPI BYTY

COMPANY CPI BYTY

CPI BYTY, a.s., with its registered office in Prague 1, Václavské náměstí 1601/47, postcode 110 00, Identification Number 262 28 700, was established on 14 November 2000 for an indefinite period of time.

CPI BYTY's principal activities are as follows:

- lease of real estate, apartments and non-residential premises,
- manufactory, trade and services not listed in Annexes 1 to 3 to the Trades Licensing Act.

CPI BYTY was recorded in the Commercial Register held by the Municipal Court in Prague, section B, insert 7990. The documents are kept in the Registry of Documents and at CPI BYTY.

Contact details:

CPI BYTY, a.s.

Václavské náměstí 1601/47

110 00 Prague 1

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www.cpibyty.cz

The parent company of CPI BYTY is Czech Property Investments, a.s., with its registered office at Prague 1, Václavské náměstí 1601/47, Postal Code 110 00, Company Identification Number 427 16 161 that prepares condensed consolidated interim financial statements and half-year report in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) as adopted by the European Union.

ECONOMIC DEVELOPMENT IN THE CZECH REPUBLIC

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

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

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

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

RESIDENTIAL MARKET IN THE CZECH REPUBLIC

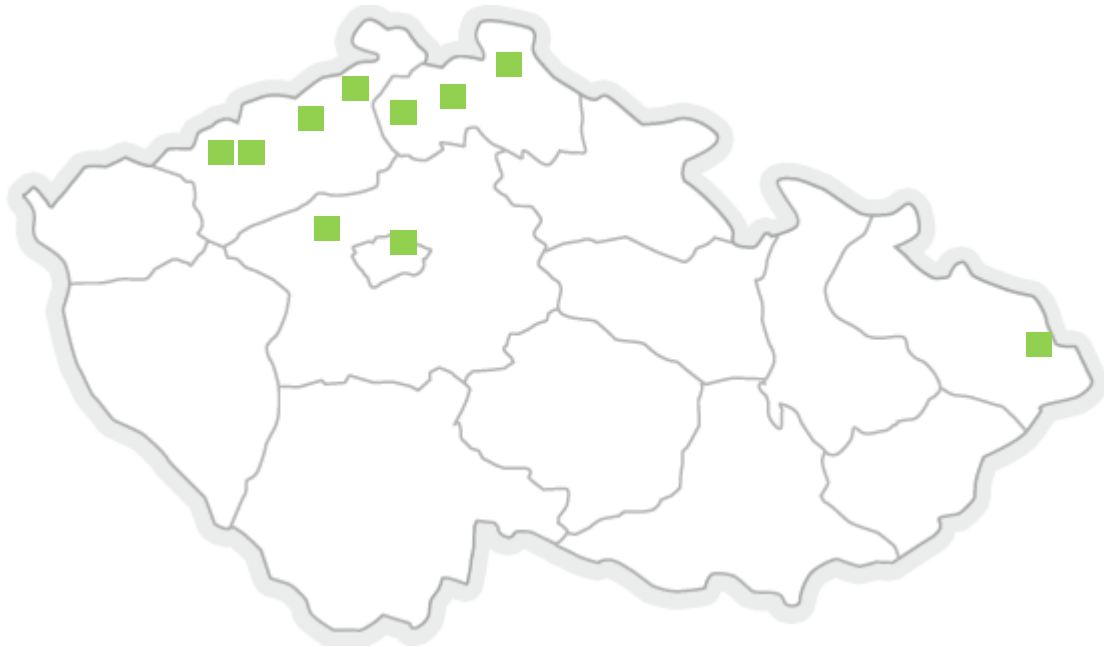
In Q2 2014 Real estate price index announced by Hypoteční banka (HB INDEX) confirmed a slight increase in prices of residential real estate which already started at the beginning of 2014. The most striking shift was observed in the prices of family houses, which has increased by 2.7 p.p. and reached HB INDEX 103.9. That is the highest level since the beginning of 2010. The land prices increased only slightly by 0.3 p.p., followed by a slight increase in flats by 0.7 p.p. The average market price of land and the flats reached HB INDEX 94.4 and 116.8, retrospectively in Q2 2014.

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

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

CPI BYTY PORTFOLIO

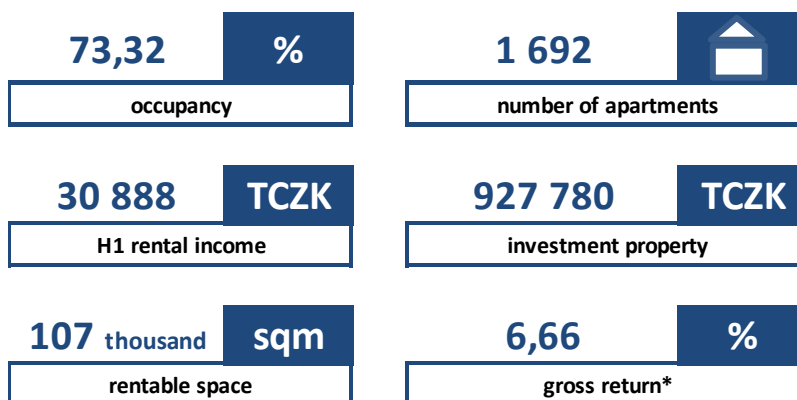
Basic statistics of CPI BYTY flat portfolios



CPI BYTY apartments as of 30 June 2014

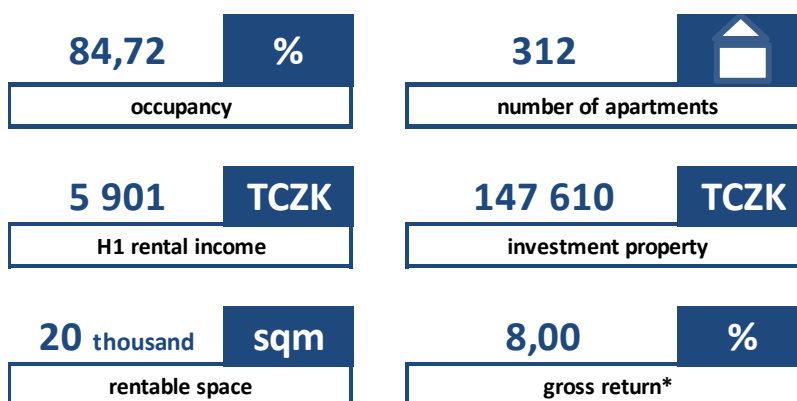
City	Apartments	Cluster
Česká Lípa	1 692	Česká Lípa
Litvínov - Janov	612	Janov
Jablonec	66	
Liberec	51	Liberec
Nové Město pod Smrkem	195	
Litvínov	2 074	Litvínov
Most	72	
Praha	567	Praha
Třinec	4 021	Třinec
Český Těšín	368	
Ústí nad Labem	2 488	
Teplice	22	
Chlumec	32	Ústí nad Labem
Děčín	194	
Slaný	77	
Total	12 531	

Česká Lípa cluster

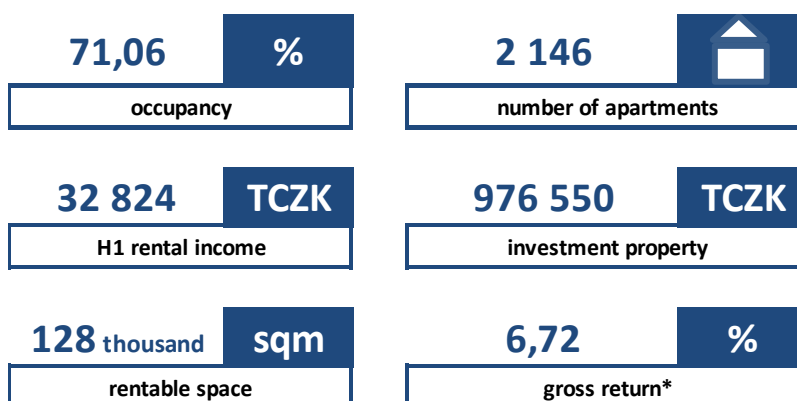


* Gross return is based on the annualised H1 rental income.

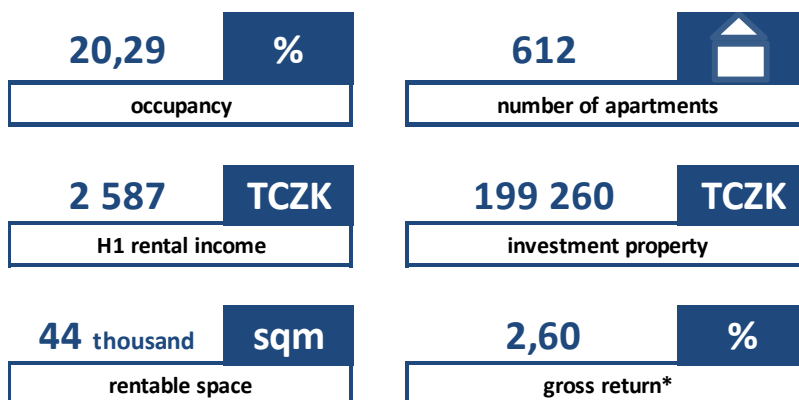
Liberec cluster



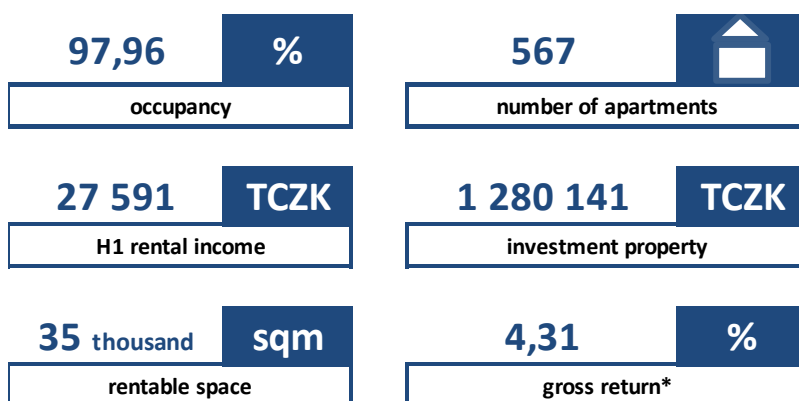
Litvínov cluster



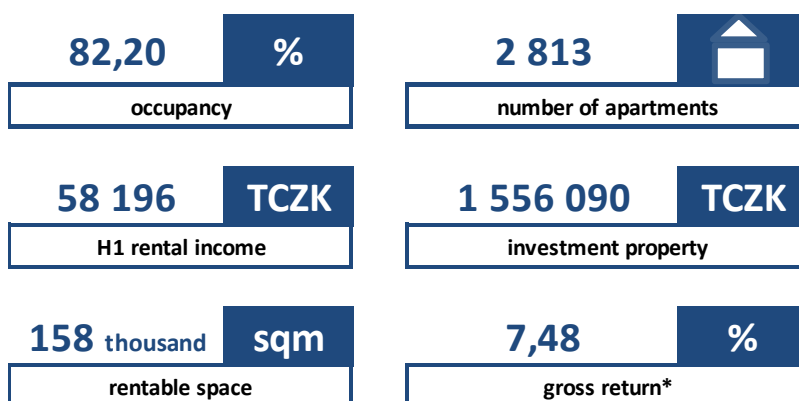
Janov cluster



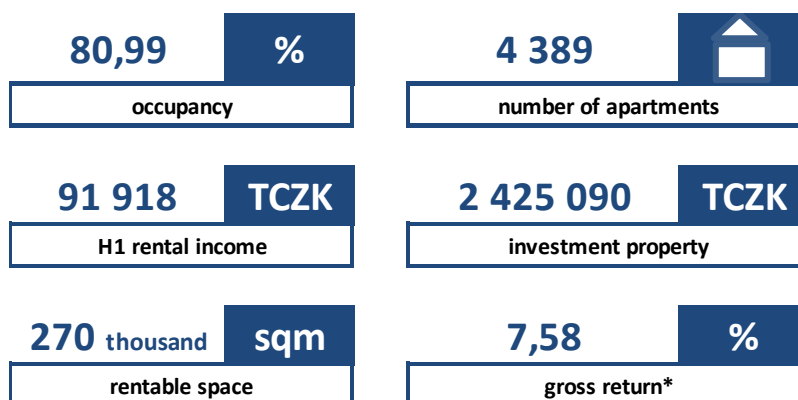
Prague cluster



Ústí nad Labem cluster



Třinec cluster



Investments

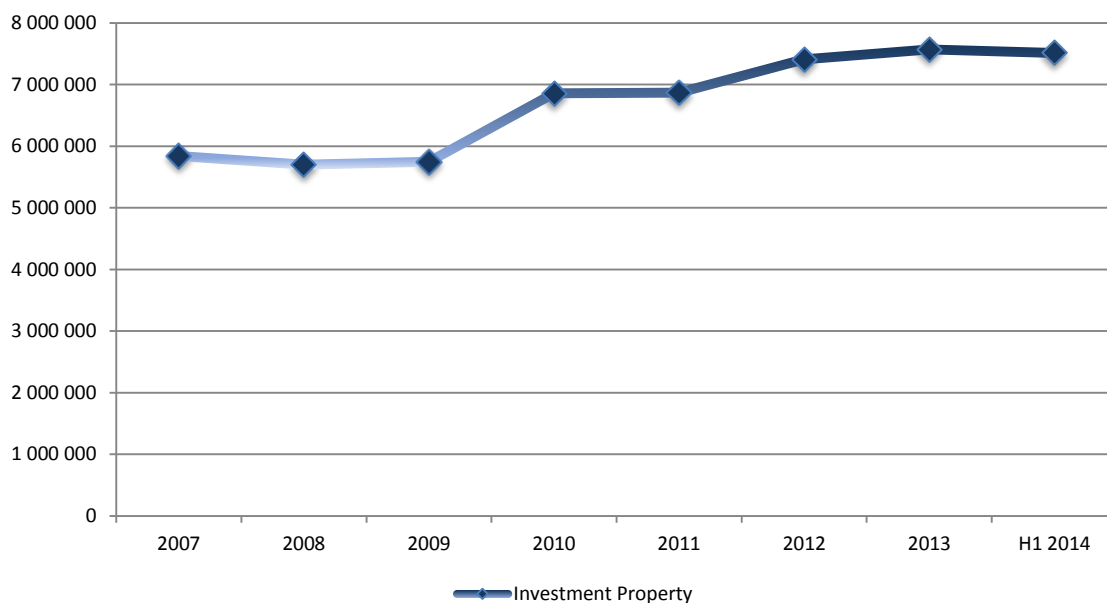
In H1 2014, CPI BYTY focuses on major repairs. Attention is devoted mainly to the reconstruction of roofs and sewer connections. In addition, the Company reconstructs the flats that are intended for new lease. The planned investment expenditure for 2014 exceeds 90 000 TCZK.

Property Valuation

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

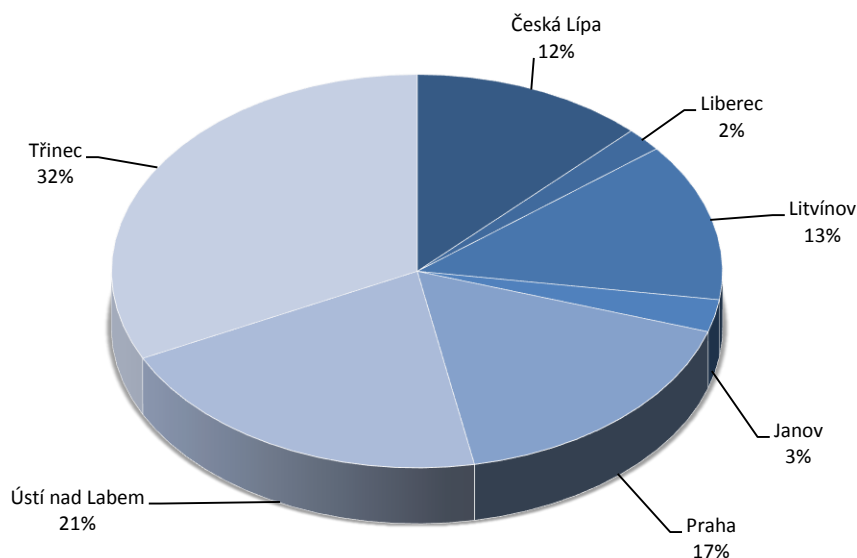
The property portfolio valuation is based on a management's analysis of the current situation on the residential market and on a report issued by DTZ, a UGL company (DTZ) as at 31 December 2013.

Investment property value 2007- H1 2014 (in TCZK)



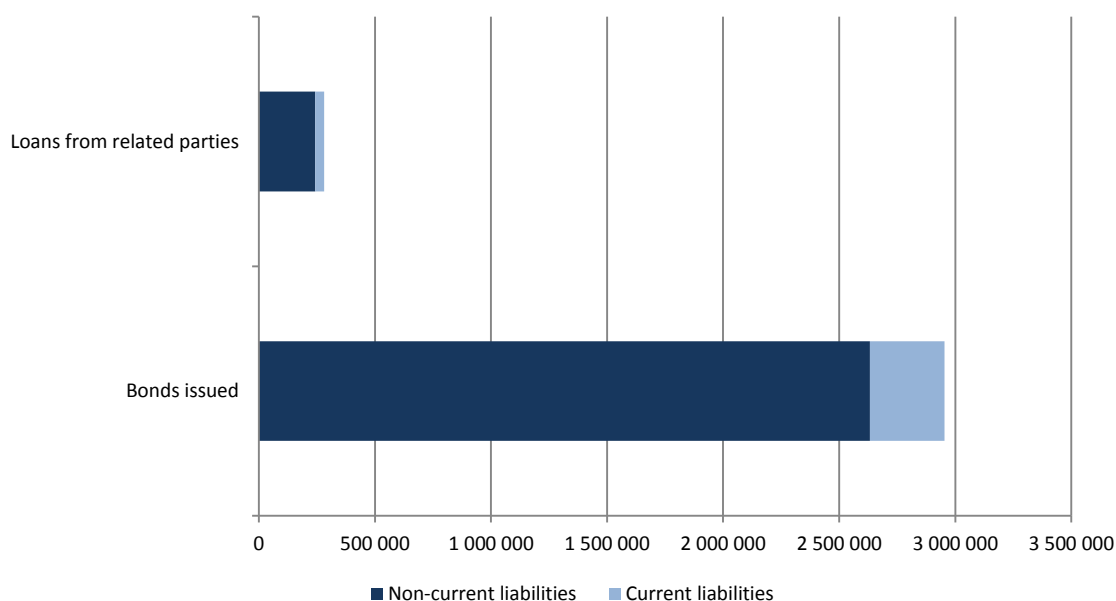
As of 30 June 2014 the value of Investment Property reached TCZK 7,512,521 (31 December 2013: TCZK 7,571,869). The decrease in the value was caused by a sale of flats in Prague.

Share on Investment property value for H1 2014 per cluster



FINANCING

Interest-bearing liabilities as of 30 June 2014 (in TCZK)



* Bonds issued = nominal value + accrued interest - transaction cost (as presented in statement of financial position)

The highest share on Interest-bearing liabilities represents issued bonds with nominal value of TCZK 3,000,000 and accrued interest TCZK 21,939.

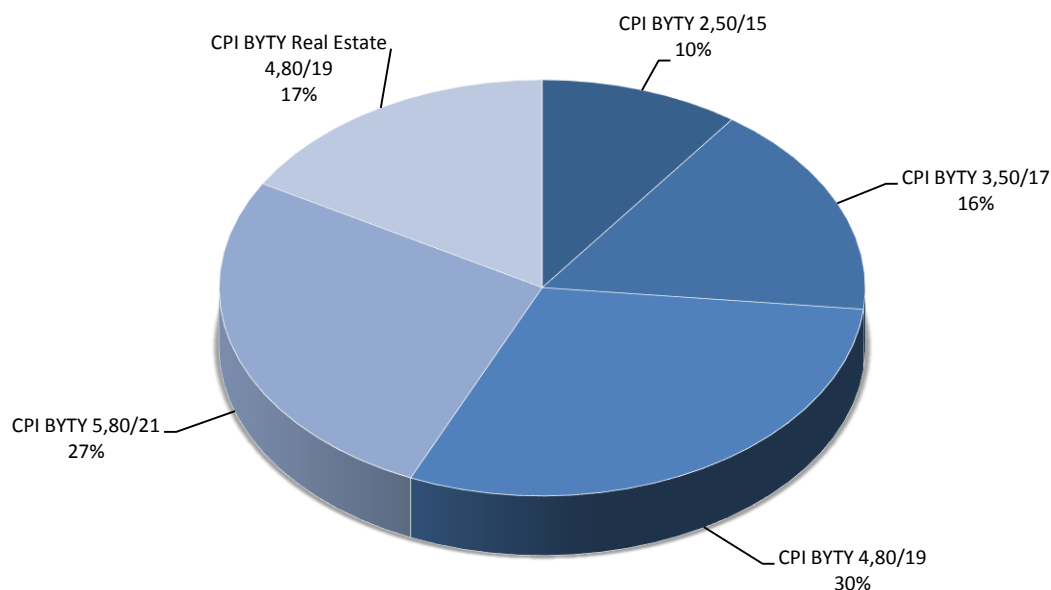
CPI BYTY bonds were issued as a part of a bond programme, with an overall volume of TCZK 3,800,000. The overall volume of any bonds issued under the bond programme must not at any time exceed TCZK 3,000,000. CPI BYTY bonds were accepted for trading at Prague Stock Exchange. The detailed breakdown of individual issues is as follows:

ISIN	CZ0003510679	CZ0003510687
Issue Date	7 May 2013	7 May 2013
Issue Maturity Date	7 May 2015	7 May 2017
Nominal Value of 1 Bond	CZK 1,000.00	CZK 1,000.00
Number of Issued Pieces	300,000	500,000
Total Nominal Value	CZK 300,000,000.00	CZK 500,000,000.00
Interest Rate	2.50% pa	3.50% pa
Security Kind	owner/bearer	owner/bearer
Security Form	dematerialised	dematerialised
Interests Payment	annually	annually
Prospectus Approval	decision of the Czech National Bank Ref. No. 2013/5158/570 of 30 April 2013 which came into force on 30 April 2013	decision of the Czech National Bank Ref. No. 2013/5158/570 of 30 April 2013 which came into force on 30 April 2013
Market	Prague Stock Exchange, corporate sector	Prague Stock Exchange, corporate sector

ISIN	CZ0003510695	CZ0003510703
Issue Date	7 May 2013	7 May 2013
Issue Maturity Date	7 May 2019	7 May 2021
Nominal Value of 1 Bond	CZK 1,000.00	CZK 1,000.00
Number of Issued Pieces	900,000	800,000
Total Nominal Value	CZK 900,000,000.00	CZK 800,000,000.00
Interest Rate	4.80% pa	5.80% pa
Security Kind	owner/bearer	owner/bearer
Security Form	dematerialised	dematerialised
Interests Payment	annually	annually
Prospectus Approval	decision of the Czech National Bank Ref. No. 2013/5158/570 of 30 April 2013 which came into force on 30 April 2013	decision of the Czech National Bank Ref. No. 2013/5158/570 of 30 April 2013 which came into force on 30 April 2013
Market	Prague Stock Exchange, corporate sector	Prague Stock Exchange, corporate sector

ISIN	CZ0003511412	
Issue Date	30 April 2014	
Issue Maturity Date	7 May 2019	
Nominal Value of 1 Bond	CZK 1,000.00	
Number of Issued Pieces	500,000	
Total Nominal Value	CZK 500,000,000.00	
Interest Rate	4.8% pa	
Security Kind	owner/bearer	
Security Form	dematerialised	
Interests Payment	annually	
Prospectus Approval	decision of the Czech National Bank Ref. No. 2013/5158/570 of 30 April 2013 which came into force on 30 April 2013	
Market	Prague Stock Exchange, corporate sector	

Structure of issued bonds as of 30 June 2014

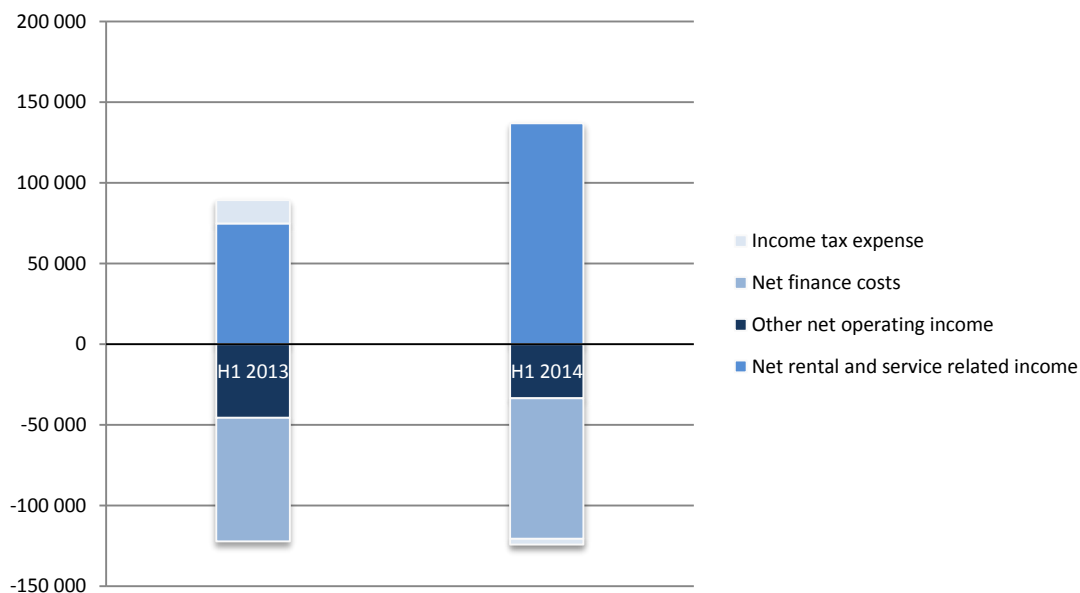


Bonds are subject to a number of covenants. According to bonds prospectus the covenant ratios will be calculated firstly for the year ended 31 December 2014.

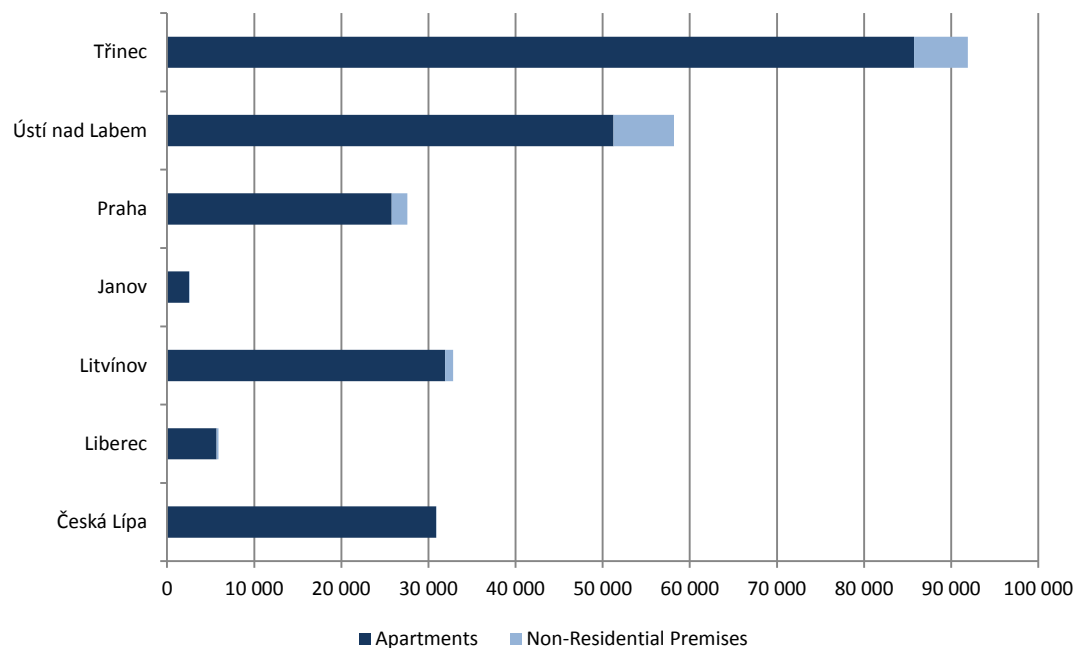
EARNINGS AND BALANCE SHEET ANALYSIS

Gross rental income for H1 2014 reached the value of TCZK 249,905 (H1 2013: TCZK 239,770) and net operating income amounted TCZK 103,454 (H1 2013: TCZK 29,097). For H1 2014, CPI BYTY reached net profit in the amount of TCZK 12,755 (H1 2013: TCZK -33,022). Net operating income was favourable referenced by year-n-year decline in repair and maintenance costs of CZK 36 million.

Net profit in H1 2013 and H1 2014 (in TCZK)

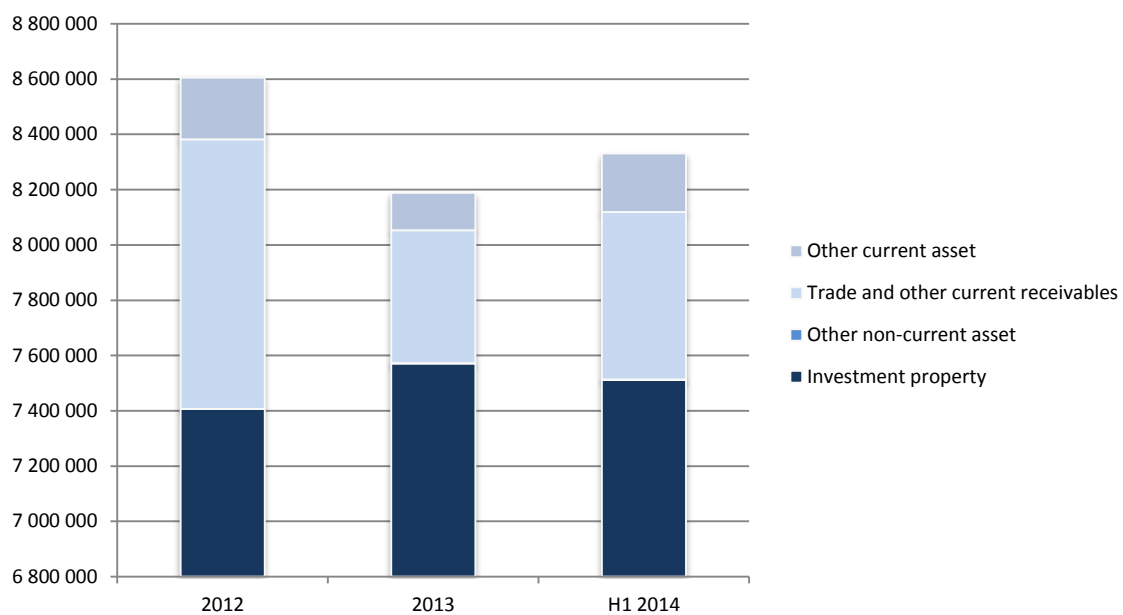


Rental income for H1 2014 per cluster (in TCZK)



The largest share of the total asset is represented by investment property amounting TCZK 7,512,521 (2013: TCZK 7,571,869).

Structure of total asset (in TCZK)



INFORMATION ON EQUITY

Data on Shares

Ordinary bearer shares are issued in certificated form with a nominal value of TCZK 100 per share and are not listed securities. The total nominal value of the issued shares is TCZK 2 000.

Dividends are taxed in accordance with Act No. 586/1992 Coll., on Income tax, as amended. The tax is withheld on the dividend pay-out date. The shares of CPI BYTY are pledged in favour of Raiffeisenbank, a.s. as a security of the issued bonds. The change of owner of shares in certificated form is performed by handover in accordance with the Securities Act. The shareholder does not have any option or pre-emptive rights. When the shareholder votes at the General Meeting, one share represents one vote. The dividend pay-out is ensured by the Board of Directors in accordance with the decision of the General Meeting, which defines the place and date of the dividend pay-out. The latest date for the dividend pay-out is the date defined as decisive for the dividend pay-out. If the General Meeting does not decide otherwise, the dividend is due within one year of the date on which the resolution on profit distribution was made at the General Meeting. After the liquidation of CPI BYTY, the shareholder is entitled to a share in the liquidation balance. The shares of CPI BYTY are not traded on any public or regulated domestic or foreign market.

Data on Share Capital

The registered capital of CPI BYTY has been fully paid up, and is not subject to any options or other exchange rights. CPI BYTY is not a direct nor indirect holder of own shares. The conditions for changing the registered capital amount and the rights arising from shares listed in the Articles of Association of CPI BYTY are in accordance with the law.

The shareholder structure of CPI BYTY as of 30 June 2014 was as follows:

Shareholder	Share in registered capital
Czech Property Investments, a.s.	100.00%
Total	100.00%

CPI BYTY is not aware of any information about contracts between shareholders that could result in aggravating the transferability of shares or voting rights.

Data on Equity

As of 30 June 2014, equity presented in individual financial statements of CPI BYTY amounted to TCZK 3,348,848 and comprised: registered capital (TCZK 2,000), capital funds (TCZK 2,119,182), reserve funds (TCZK 400), retained earnings (TCZK 1,227,266).

OUTLOOK

In the second half of 2014, CPI BYTY will focus mainly on the revitalization of the apartments building and the development of provided services related to rental housing. In addition, CPI BYTY will focus not only on the modernization of its own apartment portfolio but also on the improvement of services and especially on the reduction of energy consumption in residential buildings. Through its attempts to save costs of energy and services, CPI BYTY wants to attract attention of people interested in rent and offer appropriate services to them.

PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT 2014

Statutory Declaration

With the use of all reasonable care and to the best of our knowledge, the Half-year Report 2014 provides a true and fair view of the financial situation, business activities, and results of operations of CPI BYTY, a.s. for the six month period ended 30 June 2014, and of the outlook for the future development of the financial situation, business activities, and results of operations of CPI BYTY, a.s. No facts have been omitted that could change the meaning of this report.

Prague, 29 August 2014



Kristína Magdolenová
Chairman of the Board of Directors
CPI BYTY, a.s.



Zdeněk Havelka
Member of the Board of Directors
CPI BYTY, a.s.

FINANCIAL STATEMENTS

Condensed Interim Financial Statements as of 30 June 2014

Statement of financial position

Statement of comprehensive income

Statement of cash flow

Statement of changes in equity

Notes to the Condensed Interim Financial Statements

**CONDENSED INTERIM FINANCIAL
STATEMENTS**

AS AT 30 JUNE 2014

CPI BYTY, a.s.

STATEMENT OF FINANCIAL POSITION

	Note	30 June 2014	31 December 2013
ASSETS			
Non-current assets			
Investment property	3.1	7 512 521	7 571 869
Property, plant and equipment		794	962
Total non-current assets		7 513 315	7 572 831
Current assets			
Trade and other receivables	3.3	605 907	479 708
Loans provided	3.2	4 951	28 709
Cash and cash equivalents	3.4	206 588	107 780
Total current assets		817 446	616 197
TOTAL ASSETS		8 330 761	8 189 028
EQUITY			
Share capital	3.5	2 000	2 000
Other reserves	3.5	2 119 582	2 119 582
Retained earnings	3.5	1 227 266	1 214 511
Total equity		3 348 848	3 336 093
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	3.6	243 201	145 761
Bonds issued	3.7	2 632 117	2 933 789
Trade and other payables	3.8	12 616	43 348
Deferred tax liabilities	4.11	1 157 687	1 130 355
Total non-current liabilities		4 045 621	4 276 914
Current liabilities			
Interest-bearing loans and borrowings	3.6	37 952	29 664
Bonds issued	3.7	321 939	95 334
Trade and other payables	3.8	572 835	447 457
Provisions		3 566	3 566
Total current liabilities		936 292	576 021
Total liabilities		4 981 913	4 852 935
TOTAL EQUITY AND LIABILITIES		8 330 761	8 189 028

Notes to financial statements on pages 6 to 21 are integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		For the 6 month period ended	
	Note	30 June 2014	30 June 2013
Gross rental income	4.1	249 905	239 770
Net service charge expense	4.2	-1 842	-5 504
Property operating expenses	4.3	-111 068	-159 508
Net rental and service related income		136 995	74 758
Loss on the disposal of investment property	4.4	-14 442	-22 267
Administrative expenses	4.5	-6 411	-4 947
Other income	4.6	524	2 954
Other expenses	4.7	-13 212	-21 401
Results from operating activities		103 454	29 097
Finance income	4.8	248	8
Finance expenses	4.9	-87 276	-76 586
Net finance expenses		-87 028	-76 578
Share of profit / (loss) of equity-accounted investees (net of tax)			
Profit before income tax		16 426	-47 481
Income tax expense	4.10	-3 671	14 459
Profit from continuing operations		12 755	-33 022
Profit for the period		12 755	-33 022
Other comprehensive income/ (expense) for the period, net of tax		--	--
Total comprehensive income for the period		12 755	-33 022
Profit attributable to owners		12 755	-33 022
Total comprehensive income attributable to owners		12 755	-33 022
Earnings per share			
Basic earnings per share	3.5	638	-1 651
Diluted earnings per share	3.5	638	-1 651

Notes to financial statements on pages 6 to 21 are integral part of these financial statements.

STATEMENT OF CASH FLOWS

	For the 6 month period ended	
	30 June 2014	30 June 2013
Operating activities:		
Profit before income tax	16 426	-47 481
<i>Adjusted by:</i>		
Loss on the disposal of investment property	14 442	22 267
Depreciation / amortisation of tangible and intangible assets	168	138
Impairment of assets / Reversal of impairment of assets	7 568	19 952
Net finance costs	87 028	76 578
Profit before changes in working capital and provisions	125 632	71 454
Changes in trade and other receivables	-136 119	156 826
Changes in trade and other payables	92 899	-250 974
Changes in provisions	--	--
Net cash flows from operating activities:	82 412	-22 694
Investing activities:		
Proceeds from sale on investment property	48 763	60 919
Loans repaid	24 000	--
Net cash flows from investing activities	72 763	60 919
Financing activities:		
Proceeds from bonds issued	--	2 929 247
Dividends paid	--	-140 000
Drawings / (repayments) of loans and borrowings	97 534	-2 895 112
Repayments of finance lease liabilities	-149	-146
Interest paid	-153 752	-36 532
Net cash flows from financing activities	-56 367	-142 543
Net increase in cash and cash equivalents	98 808	-104 318
Cash and cash equivalents at beginning of the 6 months period	107 780	189 678
Cash and cash equivalents at the end of the 6 months period	206 588	85 360

Notes to financial statements on pages 6 to 21 are integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2013	2 000	2 119 582	1 272 679	3 394 261
Profit for the period	--	--	-33 022	-33 022
Total other comprehensive income for the period	--	--	--	--
Total comprehensive income for the period	--	--	-33 022	-33 022
<i>Transactions with owners of the Company, recognized directly in equity</i>				
Dividends	--	--	-140 000	-140 000
Balance at 30 June 2013	2 000	2 119 582	1 099 657	3 221 239
Balance at 1 January 2014	2 000	2 119 582	1 214 511	3 336 093
Profit for the period	--	--	12 755	12 755
Total other comprehensive income for the period	--	--	--	--
Total comprehensive income for the period	--	--	12 755	12 755
Balance at 30 June 2014	2 000	2 119 582	1 227 266	3 348 848

Notes to financial statements on pages 6 to 21 are integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1 General information

CPI BYTY, a.s. (hereafter “the Company” or “CPI BYTY”) is a joint-stock company incorporated under the laws of the Czech Republic and was established on 14 November 2000.

The main activity of the Company is rent of residential and commercial premises.

Registered office

Václavské náměstí 1601/47

110 00 Praha 1

Czech Republic

Registration Number

262 28 700

Shareholder

The sole shareholder of the Company is Czech Property Investments, a.s. (hereafter “CPI a.s.”) with registered office - Václavské náměstí 1601/47, 110 00 Praha 1, Czech Republic. The registration number of the sole shareholder is 427 16 161. The Company is part of consolidation group of CPI a.s. (hereafter “The Group”) which is controlled by GSG GROUP, L – 2661 Luxembourg, rue de la Vallée 40.

Management:

as at 30 June 2014

Supervisory Board

Member

Radovan Vítek, since 8 June 2011

Board of Directors

Chairman

Kristína Magdolenová, since 15 February 2014

Member

Zdeněk Havelka, since 15 March 2010

as at 31 December 2013

Supervisory Board

Chairman

Pavel Semrád, since 15 March 2010

Member

Josef Štolba, since 8 June 2011

Radovan Vítek, since 8 June 2011

Board of Directors

Chairman

Marek Stublej, since 15 March 2010

Member

Zdeněk Havelka, since 15 March 2010

Milan Trněný, since 15 March 2010

Changes in Board of Directors and Supervisory Board

Milan Trněný was removed as a member of Board of Directors since 15 January 2014, the change in Commercial register was made on 15 January 2014.

Marek Stubleý was removed as a chairman of Board of Directors 14 February 2014, the change in Commercial register was made on 24 February 2014.

Kristína Magdolenová was appointed as a chairman of Board of Directors with effective date 15 February 2014, the change in Commercial register was made on 24 February 2014.

Josef Štolba and Pavel Semrád were removed as members of Supervisory Board since 9 February 2014, the change in Commercial register was made on 15 January 2014.

Employees

The Company employs 71 employees at 30 June 2014 (at 31 December 2013 – 76 employees).

Basis of preparation of financial statements

The condensed interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2013.

The condensed interim financial statements are presented in thousands of Czech Crowns (TCZK) and all values are rounded to the nearest thousand except when otherwise indicated.

The Company's objectives and policies for managing capital, credit risk and liquidity risk were the same as those that applied to the financial statements for the year ended 31 December 2013.

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

These condensed interim financial statements have not been audited.

The condensed interim financial statements were authorized for issue by the Board of Directors on 29 August 2014.

2 Significant accounting policies

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

- Investment property (note 3.1)
- Taxation (note 4.10)

2.1 New accounting standards and amendments

Several new standards and amendments apply for the first time in 2014, however they do not have any material impact the interim condensed consolidated statements of the Group.

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

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

Amendments to IFRS 10, *Consolidated Financial Statements* and IFRS 12 *Disclosure of Interests in Other Entities*. These amendments provide an exception to the consolidation requirement for entities that meet the definition

of an investment entity under IFRS 10. This amendment has no impact to the Group, since none of the Group's entities qualifies to be an investment entity under IFRS 10.

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

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

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

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

2.2 Estimates

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

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

3 Statement of financial position

3.1 Investment property

2014

	Residential and commercial	Land bank	Total
Balance at 1 January 2014	7 483 069	88 000	7 571 869
Disposals	-59 348	--	-59 348
Balance at 30 June 2014	7 423 721	88 000	7 512 521

Disposals

Disposals of flats from residential portfolio represents mainly sale of apartments in Praha – Letňany. Refer to note 4.4.

Valuation gains

Residential portfolio value was not updated by any external valuer as at 30 June 2014.

The management of the Company analysed current situation on residential market together with current yields, discount rates applied and other inputs used in discounted cash flow method of valuation. Fair value of residential properties was determined based on management's analysis described above and does not significantly differ from fair value as at 31 December 2013.

3.2 Loans provided

Current

	30 June 2014	31 December 2013
Loans provided to related parties	4 951	28 709
Total	4 951	28 709

Balances of current loans include loan principal, unpaid interest related to current loans and current portion of unpaid interest related to non-current loans which is expected to be paid within 12 months.

- (1) Decrease in loans provided to related parties is attributable to repayment of the loan from U svatého Michala, a.s. in February 2014.

3.3 Trade and other receivables

Current

	30 June 2014	31 December 2013
Trade receivables due from third parties (1)	463 749	350 494
Advances paid	141 449	123 212
Receivables due from cession from related parties	99 406	101 745
Prepaid expenses	36 802	32 161
Receivables due from employees	42	9
Value added tax receivables	7	--
Other receivables due from third parties	303	418
Total current trade and other receivables	741 758	608 039
Impairment to trade receivables due from third parties (2)	-135 851	-128 331
Total impairment to trade receivables	135 851	128 331
Total trade and other receivables net of impairment	605 907	479 708

- (1) Increase in trade receivables is attributable to receivables from invoicing and corresponds to increase of advances received from tenants. Receivables from invoicing of utilities will be settled against advances received from tenants when final amount of utilities consumption is known and final utilities invoicing is performed.
- (2) The impairment to trade receivables due from third parties is created for trade receivables from tenants overdue more than 181 days. Creation of adjustments for receivables is recognized in statement of comprehensive income as impairment loss within Other expenses.

3.4 Cash and cash equivalents

	30 June 2014	31 December 2013
Bank balances	205 564	107 146
Cash on hand	1 024	634
Total	206 588	107 780

3.5 Equity

Changes in equity

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

Share capital

No new shares were issued in six month period ended 30 June 2014.

Share capital of the company comprises 20 pcs (2013: 20 pcs) of shares with nominal value of TCZK 100 each (2013 - TCZK 100)

The ordinary shares were issued in form of certified bearer ordinary shares. The issued share capital was fully paid up.

Earnings per share

	30 June 2014	30 June 2013
Net profit attributable to ordinary shareholders for the 6 months period ended	12 755	-33 022
Earnings per share (in TCZK) - basic	638	-1 651
Earnings per share (in TCZK) - diluted	638	-1 651

Dividends

No dividends were paid or declared in six months period ended 30 June 2014. The Company declared dividends of TCZK 140 000 from retained earnings to parent company in six month period ended 30 June 2013. It represented TCZK 7 000 dividend per share.

3.6 Interest-bearing loans and borrowings

Non-current

	30 June 2014	31 December 2013
Loans from related parties (1)	242 911	145 311
Finance lease liabilities	290	450
Total	243 201	145 761

Current

	30 June 2014	31 December 2013
Loans from related parties (2)	37 638	13 573
Loans from third parties (2)	--	15 788
Finance lease liabilities	314	303
Total	37 952	29 664

- (1) Increase in non-current loans from related parties is attributable to drawing on the loan provided by parent company in 2013 with maximum credit limit of TCZK 250 000. Loan bears fixed interest of 9% p.a. The loan maturity is 31 December 2019 at the latest.
- (2) Increase in current loans from related parties is mainly attributable assignment of the loan from Haines s.r.o. to Czech Property Investments, a.s. It resulted in decrease of loan from third parties.

CPI BYTY, a.s.

Notes to the interim condensed financial statements for the period ended 30 June 2014 in thousands Czech crowns (TCZK)

3.7 Bonds issued

	30 June 2014		31 December 2013	
	No. of bonds issued	Value	No. of bonds issued	Value
Non-current liabilities				
Proceeds from issued bonds -CPI BYTY 2,50/15	--	--	300 000	300 000
Proceeds from issued bonds -CPI BYTY 3,50/17	500 000	500 000	500 000	500 000
Proceeds from issued bonds -CPI BYTY 4,80/19	900 000	900 000	900 000	900 000
Proceeds from issued bonds -CPI BYTY 5,80/21	800 000	800 000	1 300 000	1 300 000
Proceeds from issued bonds -CPI BYTY Real Estate 4,80/19	500 000	500 000		
Less: transaction cost	--	-67 883	--	-66 211
Total CPI BYTY		2 632 117	--	2 933 789
Total non-current bonds issued	--	2 632 117	--	2 933 789
Current liabilities				
Proceeds from issued bonds -CPI BYTY 2,50/15	300 000	300 000		
Accrued interest bonds - CPI BYTY		21 939		95 334
Total current bonds issued	--	321 939	--	95 334
Total bonds issued	--	2 954 056	--	3 029 123

The CPI BYTY bond issues were issued as a part of a bond programme, with an overall volume of TCZK 3 800 000. The overall volume of any bonds issued under the bond programme must not at any time exceed TCZK 3 000 000. The separation into 5 issues enabled investors to choose the duration of their investment, from 2 to maximum 8 years, with fixed coupons ranging from 2,5 to 5,8 %.

CPI BYTY bonds were accepted for trading at Prague Stock Exchange.

The detailed breakdown of individual issues is as follows:

CPI BYTY 2,50/15, ISIN CZ0003510679

CPI BYTY 2,50/15 bonds were issued on 7 May 2013. The bonds mature on 7 May 2015. The nominal value of each bond is CZK 1 000. Bonds bear fixed interest rate of 2,50 % per annum.

Interests are due annually on 7 May.

CPI BYTY 3,50/17, ISIN CZ0003510687

CPI BYTY 3,50/17 bonds were issued on 7 May 2013. The bonds mature on 7 May 2017. The nominal value of each bond is CZK 1 000. Bonds bear fixed interest rate of 3,50 % per annum.

Interests are due annually on 7 May.

CPI BYTY 4,80/19, ISIN CZ0003510695

CPI BYTY 4,80/19 bonds were issued on 7 May 2013. The bonds mature on 7 May 2019. The nominal value of each bond is CZK 1 000. Bonds bear fixed interest rate of 4,80 % per annum.

Interests are due annually on 7 May.

CPI BYTY 5,80/21, ISIN CZ0003510703

CPI BYTY 5,80/21 bonds were issued on 7 May 2013. The bonds mature on 7 May 2021. The nominal value of each bond is CZK 1 000. Bonds bear fixed interest rate of 5,80 % per annum.

Interests are due annually on 7 May.

CPI BYTY, a.s.

Notes to the interim condensed financial statements for the period ended 30 June 2014 in thousands Czech crowns (TCZK)

CPI BYTY Real Estate 4,80/19, ISIN CZ0003511412

CPI BYTY 4,80/19 bonds were issued on 30 April 2014. The bonds mature on 7 May 2019. The nominal value of each bond is CZK 1 000. Bonds bear fixed interest rate of 4,80 % per annum.

Interests are due annually on 7 May. Bonds were accepted for trading at Prague Stock Exchange.

Due to the new emission of CPI BYTY Real Estate and based on the bond programme conditions, the new bonds CPI BYTY Real Estate partially replaced bonds CPI BYTY 5,80/21. Total nominal value of bonds issued under emission CPI BYTY 5,80/21 decreased from TCZK 1 300 000 to TCZK 800 000 in connection with the new emission of CPI BYTY Real Estate 4,80/2019.

Collateral

In order to secure the obligations arising from bonds issued the Company pledged following assets as collateral:

- investment property;
- receivables resulting from insurance agreement;
- bank accounts receivables;
- shares in CPI BYTY.

Covenants

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

3.8 Trade and other payables**Non-current**

	30 June 2014	31 December 2013
Payables from retentions (1)	12 616	43 348
Total	12 616	43 348

(1) Payables from retentions dropped significantly as a result of their substitution by bank guarantees in behalf of suppliers.

Current

	30 June 2014	31 December 2013
Trade payables due to related parties (1)	11 960	215
Trade payables due to third parties	114 425	131 671
Advances received from tenants (2)	409 901	271 605
Value added tax payables	2 172	9 353
Rental deposits from tenants	31 264	31 490
Payables due to employees, social security and health insurance, employees income tax	2 945	2 925
Other payables due to third parties	168	198
Total	572 835	447 457

- (1) Increase in trade payables due to related parties is attributable to assignment of trade payables by Haines s.r.o. on Czech Property Investments, a.s.
- (2) Advances received from tenants represent payments received from tenants for utilities that will be settled against trade receivables when final amount of utilities consumption is known and final respective invoicing is performed (see note 3.3).

4 Statement of comprehensive income

4.1 Gross rental income

For the six months ended

	30 June 2014	30 June 2013
Total gross rental income	249 905	239 770

Gross rental income includes income from rental of flats of TCZK 233 750 (six months ended 30 June 2013: TCZK 222 888) and income from rental of non-residential premises of TCZK 16 155 (six months ended 30 June 2013: TCZK 16 882).

4.2 Net service charge expense

For the six months ended

	30 June 2014	30 June 2013
Service charge income	4 813	4 468
Service charge expenses	-6 655	-9 972
Total net service charge expense	-1 842	-5 504

4.3 Property operating expenses

For the six months ended

	30 June 2014	30 June 2013
Repairs and maintenance	-62 595	-98 116
Utility services for vacant premises	-22 532	-37 421
Personnel expenses	-17 298	-18 909
Real estate tax	-2 639	-2 701
Property insurance expenses	-2 203	-739
Letting fee, other fees paid to real estate agents	-726	--
Depreciation and amortisation expense	-168	-134
Other expenses	-2 907	-1 488
Total property operating expenses	-111 068	-159 508

Utility services for vacant premises

For the six months ended

	30 June 2014	30 June 2013
Material consumption	-799	-209
Energy consumption	-17 176	-31 007
Waste management	-820	-1 314
Security services	-2 941	-3 656
Cleaning services	-796	-1 235
Total utility services for vacant premises	-22 532	-37 421

Personnel expenses

For the six months ended

	30 June 2014	30 June 2013
Wages and salaries	-12 591	-13 828
Social and health security contributions	-4 061	-4 322
Other social expenses	-646	-759
Total personnel expenses	-17 298	-18 909

4.4 Loss on the disposal of investment property

For the six months ended

	30 June 2014	30 June 2013
Proceeds from sale of investment property	48 763	60 919
Carrying value of investment property sold	-59 348	-77 406
Related cost (real estate transfer tax)	-3 857	-5 780
Total loss on the disposal of investment property	-14 442	-22 267

4.5 Administrative expenses

For the six months ended

	30 June 2014	30 June 2013
Audit, tax and advisory services	-696	-1 242
Lease expenses	-912	-949
Telecommunication fees	-876	-832
Legal services	-2 448	-142
Advertising expenses	-56	-38
Other administrative expenses	-1 417	-1 744
Total administrative expenses	-6 411	-4 947

4.6 Other income

For the six months ended

	30 June 2014	30 June 2013
Gain on assignment of receivables	12	--
Income from penalties	487	2 348
Insurance claims	25	202
Other	--	404
Total other income	524	2 954

4.7 Other expenses

For the six months ended

	30 June 2014	30 June 2013
Impairment of assets (1)	-7 568	-19 952
Tax non-deductible VAT expenses	-3 009	-1 123
Gifts	-578	--
Taxes and fees	-309	--
Penalties	-3	-173
Other	-1 745	-153
Total other expenses	-13 212	-21 401

(1) Impairment of assets relates to impairment loss on trade and other receivables.

4.8 Finance income

For the six months ended

	30 June 2014	30 June 2013
Bank interest income	7	8
Interest income on loans provided	241	--
Total finance income	248	8

4.9 Finance expenses

For the six months ended

	30 June 2014	30 June 2013
Interest expense related to bank and non-bank loans (1)	-8 282	-43 501
Interest expense on bonds issued (2)	-78 685	-21 939
Interest expense related to finance leases	-25	-28
Bank charges (3)	-284	-11 118
Total finance cost	-87 276	-76 586

CPI BYTY, a.s.

Notes to the interim condensed financial statements for the period ended 30 June 2014 in thousands Czech crowns (TCZK)

- (1) Decrease in interest on bank and non-bank loans is primarily attributable to repayment of the bank loan by the Company in May 2013 (see note 3.6)
- (2) Substantial increase is attributable to full year impact of interest on Company's statement of comprehensive income as the bonds were issued in May 2013.
- (3) Significant decrease in bank charges relates mainly to repayment of the bank loan in 2013. Last period bank loan arrangement fee was deferred and amortized over the life of underlying bank loan by the Company. As a result of bank loan prepayment the remaining amount of arrangement fee (TCZK 10 742) was charged to statement of comprehensive income.

4.10 Income tax recognised in profit or loss

For the six months ended

	30 June 2014	30 June 2013
Current income tax expense	--	--
Deferred income tax (expense)/income	-3 671	14 459
Total income tax recognised in profit or loss	-3 671	14 459

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

The Company's effective tax rate in respect of continuing operations for the six months ended 30 June 2014 was 22,4%. (six months ended 30 June 2013: 30,5%)

5 Financial risks management

5.1 Fair values

	Carrying amount		Fair value	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Financial assets				
Loans provided	4 951	28 709	4 951	28 709
Trade and other receivables	605 907	479 708	605 907	479 708
Cash and cash equivalents	206 588	107 780	206 588	107 780
Total financial assets	817 446	616 197	817 446	616 197
Financial liabilities				
Interest bearing loans and borrowings	281 153	175 425	281 153	175 425
Bonds issued	2 954 056	3 029 123	2 954 056	3 029 123
Trade and other payables	585 451	490 805	585 451	490 805
Total financial liabilities	3 820 660	3 695 353	3 820 660	3 695 353

As at 30 June 2014 and at 31 December 2013 the Company did not held any financial instruments carried at fair value in the statement of financial position.

6 Contingent assets and liabilities

6.1 Contingent assets

The Company is not aware of existence of any contingent assets as at 30 June 2014.

6.2 Contingent liabilities

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

7 Related party transactions

The Company has a related party relationships with its board members, executive management, shareholders and parties in which they held controllability or significant influence or are joint ventures.

7.1 Related party transactions

Current loans provided to related parties as at

Current portion of the loans provided includes primarily unpaid interest from non-current loans and debentures which is expected to be paid within 12 months.

	30 June 2014	31 December 2013
Czech Property Investments, a.s.	4 704	4 704
U svatého Michala, a.s. (1)	247	24 005
Total loans provided to related parties	4 951	28 709

(1) Decrease in current loans provided to related parties is attributable to repayment of loan.

Current receivables due from related parties as at

	30 June 2014	31 December 2013
Advances paid		
Hraničář, a.s.	240	411
Receivables due from cession from related parties		
Czech Property Investments, a.s.	99 268	101 607
HD Investment s.r.o.	138	138
Total	99 406	101 745
Total current receivables due from related parties	99 646	102 156

Loans from related parties as at

30 June 2014

	< 1 year	2-5 years	> 5 let years	Total
Czech Property Investments, a.s.	37 638	80 911	162 000	280 549
Total loans from related parties	37 638	80 911	162 000	280 549

31 December 2013

	< 1 year	2-5 years	> 5 let years	Total
Czech Property Investments, a.s.	13 573	--	145 311	158 884
Total loans from related parties	13 573	--	145 311	158 884

CPI BYTY, a.s.

Notes to the interim condensed financial statements for the period ended 30 June 2014 in thousands Czech crowns (TCZK)

Current payables due from related parties as at

	30 June 2014	31 December 2013
Trade payables		
CPI Management, s.r.o.	29	37
CPI - Facility, a.s.	29	72
Hraničář, a.s.	148	164
Best Properties South, a.s.	--	3
CPI Services, a.s.	--	12
Czech Property Investments, a.s. (1)	11 754	-73
Total current payables due from related parties	11 960	215

- (1) Increase in other payables due to related parties is attributable to assignment of trade payables by Haines s.r.o. on Czech Property Investments, a.s. The Company has a liabilities due to the assignment to Czech Property Investments, a.s.

During the six month period, the Company has entered into the following transactions with related parties:

Interest income

For the six months ended

	30 June 2014	30 June 2013
U svatého Michala, a.s.	241	--
Total interest income related to related parties	241	--

Purchases

For the six months ended

	30 June 2014	30 June 2013
CPI – Facility, a.s.	-34	-146
Hraničář, a.s.	-701	-681
Czech Property Investments, a.s.	--	-95
Total purchases related to related parties	-735	-922

Interest expense

	30 June 2014	30 June 2013
Czech Property Investments, a.s.	-7 966	-6 524
Total interest expense related to related parties	-7 966	-6 524

7.2 Guarantees

CPI a.s. acting as a collateral for bank loan received by the Company (refer to Note 3.8).

7.3 Remuneration to Board of Directors, Supervisory Board and Management

Members of the Supervisory Board, members of the Board of Directors and members of Management received neither monetary nor non-monetary income from the company in 2014 and 2013 except for salaries they were paid as employees of the Company. The salaries have no variable component. As employees of the Company, members of the Supervisory Board, Board of Directors and Management had no advantages or benefits in comparison with other employees of the Company in 2014 and 2013.

The following table summarizes remuneration Board of Directors, Supervisory Board and Management of the Company:

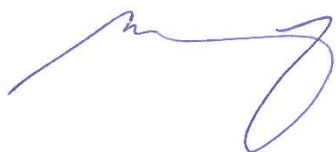
For the six months ended

	30 June 2014
Board of Directors	--
Supervisory Board	--
Management	1 903
Total	1 903

8 Subsequent events

No significant events occurred between the balance sheet date and the date of preparation of the Company's financial statements.

Prague, 29 August 2014



Kristína Magdolenová

Chairman of the Board of Directors
CPI BYTY, a.s.



Zdeněk Havelka

Member of the Board of Directors
CPI BYTY, a.s.