
CPI Alfa, a.s.

HALF-YEAR REPORT 2017

(UNAUDITED)

KEY FIGURES

CPI Alfa, a.s. ("CPI Alfa" or the "Company") in figures – the first half of 2017

18 190

Gross rental income
(in thousands of CZK)

417 907

Investment property
(in thousands of CZK)

80 894

Equity
(in thousands of CZK)

100%

Occupancy rate

13 061

Operating profit
(in thousands of CZK)

10 930

Total leasable area
(in m²)

427 503

Total assets
(in thousands of CZK)

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PERSON RESPONSIBLE FOR THE HALF-YEAR REPORT 2017

Statutory Declaration

With the use of all reasonable care and to the best of our knowledge, the half-year report 2017 provides a true and fair view of the financial situation, business activities, and results of operations of the company CPI Alfa, a.s. for the six month period ended 30 June 2017, and of the outlook for the future development of the financial situation, business activities, and results of operations of the company CPI Alfa, a.s. No facts have been omitted that could change the meaning of this report.

Prague, 2 October 2017



Zdeněk Havelka

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

A CUT ABOVE CPI ALFA

The company CPI Alfa, a.s. (hereinafter also as “CPI Alfa” or “the Company”) was incorporated on 21 March 2012 and as of 1 October 2012 acquired properties from the company TREI Real Estate Czech Republic s.r.o. These properties are leased to retail chains Penny Market and Billa on the basis of 10 years lease agreements and are located in cities Dobříš, Holešov, Holice, Jablonec nad Nisou, Liberec, Říčany, Semily, Tanvald and Turnov.

In June 2014 CPI Alfa became a part of CPI PROPERTY GROUP (hereafter “the Group”). The Group is a Luxembourg based *société anonyme*, founded in 2004 as ORCO Germany S.A. Since its foundation it has been operating in Germany and concentrated mainly on commercial property, project development and asset management especially in Berlin. With its subsidiary Gewerbesiedlungs-Gesellschaft (GSG), the Group is the largest lessor of commercial property in the Berlin area. The Group has focused on investment properties, realizes development potentials and offers full-service asset management for third parties.

The Group owns and manages over 1 005 thousand sqm of retail space, about 1 296 thousand sqm of existing office space, 34 hotels with about 10 000 beds and about 179 thousand sqm of space intended for light industry and storage. With almost 12 400 apartments, it is the second largest provider of rental housing in Czechia.

MESSAGE FROM THE BOARD OF DIRECTORS OF CPI ALFA

Dear Shareholders,
Dear Business Partners,

During the first half of the year 2017 the company CPI Alfa, a.s. was not subject to any significant change, which corresponds to the strategy of the Company. The company CPI Alfa, a.s. was incorporated in 2012 as a SPV that acquired 9 properties of supermarkets and its strategy is to operate this stable portfolio of real estate. Also in future CPI Alfa is not expected to be influenced by any substantial change due to long term contracts concluded with the retail chains Penny Market and Billa.

In October 2012, CPI Alfa issued Czech koruna project bonds with a total nominal value of CZK 279 million, with a fixed interest of 5.5% p.a. These project bonds are secured by the real estate portfolio of CPI Alfa, a.s. and its purpose was to finance the acquisition of this portfolio.

The Company bonds, which are due in October 2017, will be refinanced by a bank loan (the loan agreement is to be concluded in the coming days). Significantly compressed interest rate of the new loan facility will lower the costs of financing and further contribute to in time improving performance of the Company.

All activities such as facility and property management, asset management, tax and accounting management, financial management and strategic management are provided by the service companies of the Group.

CPI Alfa as of 30 June 2017 reported a profit in the amount of TCZK 2 064 with gross rental income amounting TCZK 18 190.

Prague, 2 October 2017



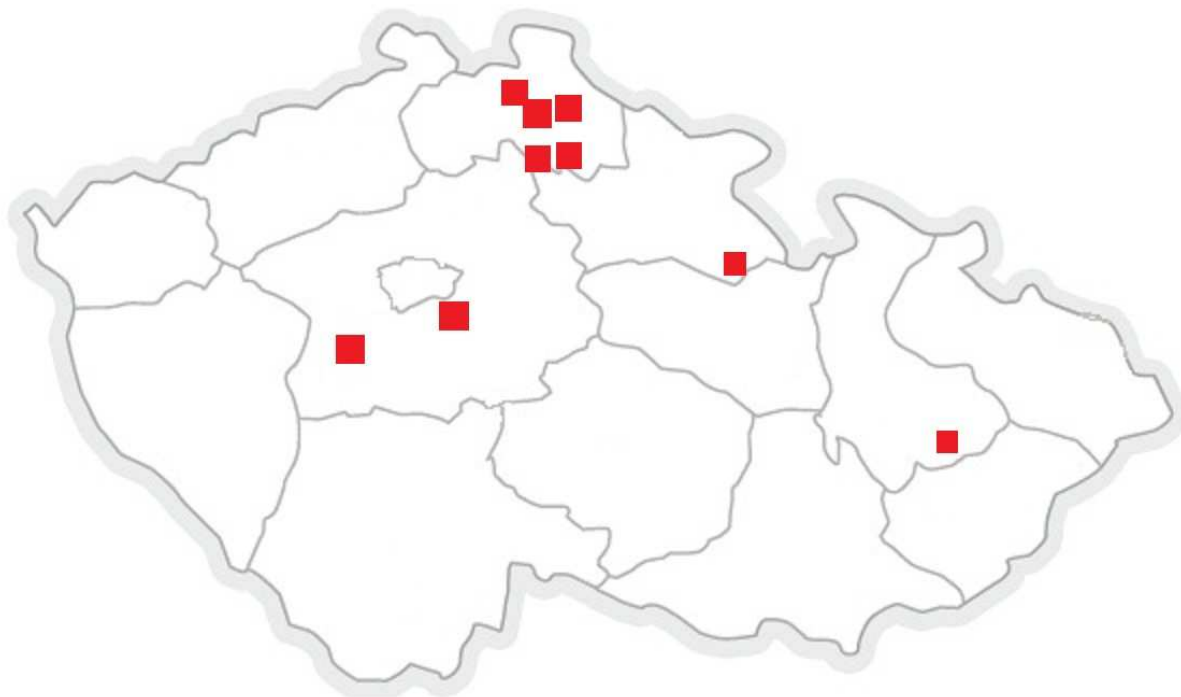
Zdeněk Havelka

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

OUR PORTFOLIO

CPI RETAIL

CPI Alfa owns the following real estate portfolio in Czechia:



Supermarket	City	Street
Penny Market	Dobříš	Za Pivovarem 1656
Penny Market	Holešov	Palackého 54
Penny Market	Holice	Hradecká 1122
Penny Market	Jablonec nad Nisou	Ivana Olbrachtova 4582/8
Penny Market	Liberec	Na Žižkově 973/10
Penny Market	Říčany	Pod Lihovarem 2055
Penny Market	Semily	Jana Nerudy 393
Penny Market	Turnov	Sobotecká 2078
Billa	Tanvald	Krkonošská 647

Penny Market Dobříš

Tenant: Penny Market s.r.o.
Leasable area: 1 154 sqm
Occupancy: 100%
End of lease: 30 April 2025



Penny Market Holešov

Tenant: Penny Market s.r.o.
Leasable area: 1 184 sqm
Occupancy: 100%
End of lease: 31 December 2024

Penny Market Holice

Tenant: Penny Market s.r.o.
Leasable area: 1 170 sqm
Occupancy: 100%
End of lease: 31 December 2024





Penny Market Jablonec nad Nisou

Tenant:	Penny Market s.r.o.
Leasable area:	1 202 sqm
Occupancy:	100%
End of lease:	30 April 2023

Penny Market Liberec

Tenant:	Penny Market s.r.o.
Leasable area:	1 174 sqm
Occupancy:	100%
End of lease:	30 April 2023



Penny Market Říčany

Tenant:	Penny Market s.r.o.
Leasable area:	1 172 sqm
Occupancy:	100%
End of lease:	30 April 2023



Penny Market Semily

Tenant: Penny Market s.r.o.
Leasable area: 1 557 sqm
Occupancy: 100%
End of lease: 31 December 2024



Penny Market Turnov

Tenant: Penny Market s.r.o.
Leasable area: 1 141 sqm
Occupancy: 100%
End of lease: 30 April 2023

Billa Tanvald

Tenant: BILLA, spol. s r.o.
Leasable area: 1 176 sqm
Occupancy: 100%
End of lease: 30 April 2023



CORPORATE GOVERNANCE

In January 2014 General Meeting of CPI Alfa decided on fully submission to new Business Corporation Act No. 90/2012 Coll. (further also “the Business Corporation Act”) and approved new Articles of Association.

In accordance with the Articles of Association, the statutory bodies of CPI Alfa are the General Meeting, the Board of Directors and the Supervisory Board, while the General Meeting as the supreme body elects and dismisses members of the Board of Directors and the Supervisory Board. The executive body is the Board of Directors of CPI Alfa. In the year 2016, CPI Alfa established the Audit Committee.

General Meeting of CPI Alfa

The General Meeting is the supreme body of CPI Alfa. The scope of powers of the General Meeting includes:

- decision on changes to the Articles of Association, provided the change is not a result of an increase in share capital by the Board of Directors, or of another legal matter;
- decision on an increase in share capital or on authorization of the Board of Directors in this matter;
- decision on the possibility of offsetting a monetary receivable towards the Company against a receivable of the company arising from share capital repayment;
- decision on the issue of convertible or priority bonds;
- election and removal of members of the Board of Directors;
- election and removal of alternate members of the Board of Directors and if more alternates are elected the General Meeting has to determine the order in which the alternates will take over the free position of the member of the Board of Directors;
- election and removal of members of the Supervisory Board;
- election and removal of alternate members of the Supervisory Board and if more alternates are elected the General Meeting has to determine the order in which the alternates will take over the free position of the member of the Supervisory Board;
- approval of the ordinary or extraordinary financial statements and consolidated financial statements and interim financial statements if required by law regulation;
- decision on the allocation of profits or other funds or payment of losses;
- decision to quote participating securities of CPI Alfa for trading on European regulated market and to repeal such quotes;
- decision to liquidate the Company's by insolvency;
- appointment and removal of a liquidator;
- approval of the proposed distribution of the liquidation value;
- approval of disposal, lease or pledge of the business or such part of it that would cause a substantial change in the existing structure of the business or substantial change in the core business or activities of CPI Alfa;
- decision on taking the effects of actions made on behalf of the Company prior its incorporation;
- approval of the contract on a silent partnership including of the approval of its changes and cancellation;
- other decisions that Act No. 90/2012 Coll. or the Articles of Association confer powers on the General Meeting.

The General Meeting is quorate if present shareholders have shares with a nominal value of at least 30% of the Company's share capital. The General Meeting decides by majority vote of shareholders present, unless the Business Corporation Act, another law regulation or Articles of Association of CPI Alfa require a different type of majority.

Further modifications to the action and decision-making of the General Meeting, as well as the participation of shareholders in the General Meeting and the rights of shareholder at the General Meeting, the manner of

convening the General Meeting, and the replacement General Meeting are governed by the Articles of Association of CPI Alfa.

Supervisory Board of CPI Alfa

The Supervisory Board is a supervisory body of CPI Alfa and is governed by the principles approved by the General Meeting on condition that these principles are not in conflict with the Business Corporation Act of Articles of Association.

The Supervisory Board oversees the performance of the Board of Directors and the Company's business.

The Supervisory Board is entitled, in particular, to:

- review the ordinary, extraordinary, consolidated and interim financial statements and the proposed distribution of profits or payment of losses and to submit its observations to the General Meeting,
- check all documents and records relating to the activities of CPI Alfa and to check whether the accounting records are properly kept in accordance with the facts and whether the business activities of CPI Alfa are conducted in accordance with the laws and Articles of Association.

The Supervisory Board consists of one member.

The structure, constitution and term of the Supervisory Board, convening meetings of the Supervisory Board, the session of the Supervisory Board and the duties of Supervisory Board members are governed by the Articles of Association of CPI Alfa.

Members of the Supervisory Board of CPI Alfa as of 30 June 2017:

Milan Trněný, since 28 January 2014

As at 30 June 2017 Mr. Milan Trněný acts as a member of the Supervisory board or the board of directors of the following entities which are significant from the perspective of the Company:

Member of the Supervisory board:

Czech Property Investments, a.s., MB Property Development, a.s., STRM Gama, a.s., STRM Alfa, a.s., STRM Property, a.s., CB Property Development, a.s., Svitavy Property Alfa, a.s., Guerrera, a.s., Baudry Beta, a.s., SG - Industry, a.s., BAYTON Gama, a.s., Lucemburská 46, a.s., Na Poříčí, a.s., Carpenter Invest, a.s., Bubenská 1, a.s., Best Properties South, a.s., Strakonice Property Development, a.s., Statenice Property Development, a.s., IGY2 CB, a.s., Vigano, a.s., CPI City Center ÚL, a.s., Nupaky a.s., Beroun Property Development, a.s., Camuzzi, a.s., Malerba, a.s., CPI - Land Development, a.s., Pelhřimov Property Development, a.s., Tandis, a.s., Benjina, a.s., Bandar, a.s., Baudry, a.s., CPI - Štupartská, a.s., Felisa, a.s., Sistina, a.s., Žďár Property Development, a.s., Čáslav Investments, a.s., Trutnov Property Development, a.s., Salaman, a.s., Rampino, a.s., Brinkley, a.s., CPI - Real Estate, a.s., Romney, a.s., Conradian, a.s., Komeya, a.s., Idrama, a.s., Rosenfeld, a.s., Lockhart, a.s., Huryana, a.s., Garreta, a.s., Wang, a.s., Telč Property Development, a.s., LD Praha, a.s., Duggetti, a.s., Farhan, a.s., CPI - Krásné Březno, a.s., Olomouc Office, a.s., CPI Retail Portfolio II, a.s., Kerina, a.s., CPI - Zbraslav, a.s., Jeseník Investments, a.s., CPI Park Žďárek, a.s., CPI Park Mlýnec, a.s., Leterme, a.s., Tolimir, a.s., CPI Retails TWO, a.s., Darvall, a.s., Appiana, a.s., Ždírec Property Development, a.s., Konkola, a.s., Mercuda, a.s., Husson, a.s., Ogwell, a.s., Margulius, a.s., Wanchai, a.s., Garribba, a.s., CPI - Orlová, a.s., Balvinder, a.s., Brandýs Logistic, a.s., CPI Reality, a.s., Tabcorp, a.s., Barkana, a.s., Soprem, a.s., Mendesa, a.s., Vorga, a.s., Zordiac, a.s., Muleti, a.s., Jeseník Property Development, a.s., Jetřichovice Property, a.s., Yosana, a.s., Tantala, a.s., CPI - Horoměřice, a.s., Wingera, a.s., FL Property Development, a.s., Darilia, a.s., Třinec Property Development, a.s., OC Nová Zdaboř a.s., CPI Delta, a.s., CPI Retails Třinec, a.s., Vyškov Property Development, a.s., Farma Valteřice, a.s., Marissa West, a.s., Marissa Tau, a.s., CPI - Facility, a.s., Olomouc City Center, a.s., Farma Radeč, a.s., Marissa Ypsilon, a.s., Marissa Kappa, a.s., Mařenická farma, a.s., Marissa Gama, a.s., CPI Jihlava Shopping, a.s., Marissa Théta, a.s.,

Janovická farma, a.s., Valkeřická ekologická, a.s., Marissa Yellow, a.s., Farma Javorská, a.s., Valdovská zemědělská, a.s., Farma Krásný Les, a.s., Marissa Omikrón, a.s., STRM Beta, a.s., STRM Delta, a.s., Modřanská Property, a.s., Austenit, a.s., Rivaroli, a.s., Mondello, a.s., Robberg, a.s., Hraničář, a.s., CPI Alfa, a.s., CPI Beta, a.s., Kroměříž Property Development, a.s., Karviná Property Development, a.s., CPI Shopping Teplice, a.s., CPI Shopping MB, a.s., Novegro, a.s., PG-Hazlov a.s., JIHOVÝCHODNÍ MĚSTO, a.s., Českolipská zemědělská a.s., Děčínská zemědělská a.s., CPI Retails ONE, a.s., CPI Flats, a.s., BAYTON Delta, a.s., BAYTON Alfa, a.s., CPI HOLDING, SE, Farma Ploučnice a.s., GRANDHOTEL ZLATÝ LEV a.s., CPI Lambda, a.s., CPI Epsilon, a.s., Spojené farmy a.s., BYTY PODKOVA, a.s., CPI Retail Portfolio I, a.s., Verneřický Angus a.s., Český Těšín Property Development, a.s., BPT Development, a.s., CPI - Bor, a.s., Czech Property Development, a.s., Tyršova 6, a.s., VM Property Development, a.s., Vinice Property Development a.s., Marissa, a.s., Farmy Frýdlant a.s., Pastviny a.s., CPI Hotels Properties, a.s., CPI Residential, a.s., Brno Property Development, a.s.

Member of the board of directors:

MULTICREDIT GROUP a.s. "v likvidaci", Březiněves, a.s., Společenství vlastníků Na Výši 1013, Praha 5, Družstvo Land (chairman of coop), Vila Anička, a.s., Saleya, a.s., Sidoti, a.s., Scampia, a.s., Vedant, a.s., Pietroni, s.r.o., SV Fáze III, s.r.o., Arodance CZ, s.r.o.

As at 30 June 2017 Mr. Milan Trněný does not have any ownership interest in other entities.

Board of Directors of CPI Alfa

The Board of Directors is a statutory body that manages the business activities of CPI Alfa. The Board of Directors is governed by the principles approved by the General Meeting on condition that these principles are not in conflict with the Business Corporation Act of Articles of Association. The Board of Directors decides on all matters of CPI Alfa that are not defined by law, the Articles of Association of CPI Alfa or public authority's decision reserved for another bodies of the Company.

In particular, the Board of Directors:

- ensures proper accounting;
- submits to the General Meeting the ordinary, extraordinary, consolidated and interim financial statements and the proposed distribution of profits or payment of losses.

The Board of Directors consists of two members.

The Board is quorate when its meeting is attended by all members of the Board. For decisions on all matters discussed at the meeting of the Board, the consent of all members of the Board is required.

The structure, constitution and term of the Board of Directors, convening meetings of the Board of Directors, the session of the Board of Directors and the duties of Board of Directors members are governed by the Articles of Association of CPI Alfa.

Members of the Board of Directors of CPI Alfa as of 30 June 2017:

Zdeněk Havelka, member since 21 March 2012

Martin Němeček, member since 25 September 2012

As at 30 June 2017 Mr. Zdeněk Havelka acts as a member of the board of directors of the following entities which are significant from the perspective of the Company:

Rolnická Skalná s.r.o., Czech Property Investments, a.s., SPO-ZEM Nový Kostel s.r.o., Příbor Property Development, s. r.o., Na Poříčí, a.s., Lucemburská 46, a.s., Biohovězí s.r.o., CPI BYTY, a.s., Bubenská 1, a.s., Carpenter Invest, a.s., CPI Meteor Centre, s.r.o., CPI Národní, s.r.o., CPI Heli, s.r.o., Arkáda Prostějov, s.r.o., CPI Property, s.r.o., BAYTON Gama, a.s., (chairman), Třinec Investments, s.r.o., CPI Management, s.r.o., CD Property s.r.o., Svitavy Property Development, a.s., Telč Property Development, a.s., Duggetti, a.s., Wanchai, a.s.,

Garribba, a.s., CPI - Orlová, a.s., Balvinder, a.s., CPI Retail MB s.r.o., CPI Retail Portfolio VI, s.r.o., U svatého Michala, a.s., LD Praha, a.s., Brinkley, a.s., CPI - Real Estate, a.s., Romney, a.s., Rampino, a.s., Felisa, a.s., Sistina, a.s., Žďár Property Development, a.s., Čáslav Investments, a.s., Trutnov Property Development, a.s., Salaman, a.s., Garreta, a.s., Wang, a.s., Conradian, a.s., Komeya, a.s., Idrama, a.s., Rosenfeld, a.s., Lockhart, a.s., Huryana, a.s., Husson, a.s., Ogwell, a.s., Margulius, a.s., CPI Retails TWO, a.s., Darvall, a.s., Appiana, a.s., Ždírec Property Development, a.s., Konkola, a.s., Mercuda, a.s., CPI Reality, a.s., FL Property Development, a.s., Wingera, a.s., Vedant, a.s., Muleti, a.s., Jeseník Property Development, a.s., CPI - Horoměřice, a.s., Jetřichovice Property, a.s., Yosana, a.s., Tantara, a.s., Bandýs Logistic, a.s., (chairman), Soprem, a.s., Mendesa, a.s., Vorga, a.s., Zordiac, a.s., Tabcorp, a.s., Barkana, a.s., CPI Group, a.s., Farhan, a.s., CPI - Krásné Březno, a.s., Olomouc Office, a.s., CPI Retail Portfolio II, a.s., (chairman), IGY2 CB, a.s., Vigano, a.s., Rezidence Pragovka, s.r.o., Nupaky a.s., Pelhřimov Property Development, a.s., Tandis, a.s., Benjina, a.s., Bandar, a.s., Baudry, a.s., Leterme, a.s., Tolimir, a.s., CPI - Štupartská, a.s., Beroun Property Development, a.s., Strakonice Property Development, a.s., Best Properties South, a.s., Darilia, a.s., Třinec Property Development, a.s., Kerina, a.s., CPI Retails Brandýs, s.r.o., CPI - Zbraslav, a.s., Jeseník Investments, a.s., CPI Park Žďárek, a.s., Camuzzi, a.s., Malerba, a.s., CPI - Land Development, a.s., CPI Park Mlýnec, a.s., CPI City Center ÚL, a.s., Residence Belgická, s.r.o., Hraničář, a.s., OC Nová Zdobov, a.s., CPI Delta, a.s., CPI Services, a.s., CPI Alfa, a.s., CPI Beta, a.s., Development Doubovská, s.r.o., CPI Retail Portfolio IV, s.r.o., Statenice Property Development, a.s., CPI Retail Portfolio VII, s.r.o., CPI Retail Portfolio V, s.r.o., Vyškov Property Development, a.s., Farma Valteřice, a.s., Marissa West, a.s., Marissa Tau, a.s., RL - Management s.r.o., CPI - Facility, a.s., Biochov s.r.o., Marissa Yellow, a.s., Farma Javorská, a.s., Valdovská zemědělská, a.s., Farma Krásný Les, a.s., Marissa Omikrón, a.s., STRM Gama, a.s., STRM Alfa, a.s., STRM Property, a.s., Janovická farma, a.s., Valkeřická ekologická, a.s., Olomouc City Center, a.s., CB Property Development, a.s., STRM Beta, a.s., STRM Delta, a.s., MB Property Development, a.s., Farma Radeč, a.s., Marissa Ypsilon, a.s., Marissa Kappa, a.s., Mařenická farma, a.s., Marissa Gama, a.s., CPI Jihlava Shopping, a.s., Marissa Théta, a.s., Baudry Beta, a.s., Svitavy Property Alfa, a.s., Guerrero, a.s., Dienzenhoferovy sady 5, s.r.o., Modřanská Property, a.s., Austenit, a.s., Rivaroli, a.s., Mondello, a.s., Cerrini, s.r.o., Robberg, a.s., CPI Retail Portfolio III, s.r.o., Zelená louka s.r.o., HAINES s.r.o., CPI East, s.r.o., CPI Shopping Teplice, a.s., CPI Shopping MB, a.s., CPI West, s.r.o., Limagro s.r.o., Kroměříž Property Development, a.s., Karviná Property Development, a.s., Janáčkovy nábřeží 15, s.r.o., JIHOVÝCHODNÍ MĚSTO, a.s., PG-Hazlov a.s., Českolipská zemědělská a.s., Děčínská zemědělská a.s., Bubny development, s.r.o., CPI Hotels Properties, a.s., Industrial Park Stříbro, s.r.o., Development Pražská, s.r.o., CPI HOLDING, SE, CPI Flats, a.s., (chairman), BAYTON Delta, a.s., BAYTON Alfa, a.s., Centrum Olympia Plzeň s.r.o., Estate Grand, s.r.o., CPI South, s.r.o., CPI Lambda, a.s., CPI Epsilon, a.s., Farma Ploučnice a.s., Czech Property Development, a.s., CPI North, s.r.o., OC Spektrum, s.r.o., CPI Retail Portfolio I, a.s., Naturland s.r.o., NOVÁ ZBROJOVKA, s.r.o., BYTY PODKOVA, a.s., CPI Retail Portfolio VIII s.r.o., ZEMSPOL s.r.o., JAGRA spol. s r.o., Český Těšín Property Development, a.s., PV - Cvikov s.r.o., HD Investment s.r.o., Verneřický Angus a.s., CPI Palmovka Office, s.r.o., Agrome s.r.o., BPT Development, a.s., Nymburk Property Development, a.s., CPI Retails Třinec, a.s., Grunt HZ s.r.o., Tyršova 6, a.s., MUXUM, a.s., VM Property Development, a.s., MULTICREDIT GROUP a.s., "v likvidaci", Vinice Property Development a.s., EMH North, s.r.o., CPI - Bor, a.s., Angusland s.r.o., Zelená farma s.r.o., OFFICE CENTER HRADČANSKÁ, a.s., Biopotraviny s.r.o., Spojené farmy a.s., Platněšská 10 s.r.o., Farma Svitavka s.r.o., Zelená pastva s.r.o., Českolipská farma s.r.o., EMH South, s.r.o., EMH West, s.r.o., Marissa, a.s., Farmy Frýdlant a.s., Pastviny a.s., Biopark s.r.o., CPI Retails ONE, a.s., Agro 2014 s.r.o., Společenství vlastníků pro dům U Stadionu 21 (statutory representative of owners), Šenovská zemědělská, s.r.o., Statek Mikulášovice, s.r.o., Farma Poustevna, s.r.o., CPI Residential, a.s., Brno Property Development, a.s., Projekt Nisa, s.r.o., Projekt Zlatý Anděl, s.r.o., Společenství vlastníků Purkyňova 2120/5, Praha 1, ITL Alfa, s.r.o., CPI Blue, s.r.o., Farma Třebeň, s.r.o., Ekofarma Lipná, s.r.o., Tepelná Litvínov, s.r.o., Rezidence Jančova, s.r.o., Rezidence Malkovského, s.r.o.,

Statutory representative:

REZIDENCE MASARYKOVA 36, s.r.o., Centrum Olympia Plzeň, s.r.o., PFCE Prague investments, s.r.o., Nisa OC, s.r.o., CPI Kappa, s.r.o., Nový Projekt CPI, s.r.o., CPI Blatiny, s.r.o.

Member of the Supervisory board:

Vila Anička, a.s., Saleya, a.s., Sidoti, a.s., Scampia, a.s

As at 30 June 2017 Zdeněk Havelka does not have any ownership interest in other entities.

As at 30 June 2017 Mr. Martin Němeček acts as a member of the board of directors of the following entities which are significant from the perspective of the Company:

MB Property Development, a.s., Czech Property Investments, a.s., STRM Gama, a.s., STRM Alfa, a.s., STRM Property, a.s., CB Property Development, a.s., Svitavy Property Alfa, a.s., Guerrera, a.s., Baudry Beta, a.s., CPI Property, s.r.o., Třinec Investments, s.r.o., BAYTON Gama, a.s., Lucemburská 46, a.s., Příbor Property Development, s. r.o., Biohovězí s.r.o., Na Poříčí, a.s., Carpenter Invest, a.s., Bubenská 1, a.s., Březiněves, a.s., Rolnická Skalná s.r.o., SPO-ZEM Nový Kostel s.r.o., CD Property s.r.o., Best Properties South, a.s., Strakonice Property Development, a.s., U svatého Michala, a.s., CPI Retail MB s.r.o., CPI Retail Portfolio VI, s.r.o., Development Doupovská, s.r.o., CPI Retail Portfolio IV, s.r.o., Statenice Property Development, a.s., CPI Retail Portfolio V, s.r.o., CPI Retail Portfolio VII, s.r.o., IGY2 CB, a.s., Vigano, a.s., Rezidence Pragovka, s.r.o., CPI City Center ÚL, a.s., Nupaky a.s., Beroun Property Development, a.s., Camuzzi, a.s., Malerba, a.s., CPI - Land Development, a.s., Pelhřimov Property Development, a.s., Tandis, a.s., Benjina, a.s., Bandar, a.s., Baudry, a.s., CPI - Štupartská, a.s., Felisa, a.s., Sistina, a.s., Žďár Property Development, a.s., Čáslav Investments, a.s., Trutnov Property Development, a.s., Salaman, a.s., Rampino, a.s., Brinkley, a.s., CPI - Real Estate, a.s., Romney, a.s., Conradian, a.s., Komeya, a.s., Idrama, a.s., Rosenfeld, a.s., Lockhart, a.s., Huryana, a.s., Garreta, a.s., Wang, a.s., Svitavy Property Development, a.s., Telč Property Development, a.s., LD Praha, a.s., Duggetti, a.s., Farhan, a.s., CPI - Krásné Březno, a.s., Olomouc Office, a.s., CPI Retail Portfolio II, a.s., Kerina, a.s., CPI Retails Brandýs, s.r.o., CPI - Zbraslav, a.s., Jeseník Investments, a.s., CPI Park Žďárek, a.s., CPI Park Mlýnec, a.s., Leterme, a.s., Tolimir, a.s., CPI Services, a.s., CPI Retails TWO, a.s., Darvall, a.s., Appiana, a.s., Ždírec Property Development, a.s., Konkola, a.s., Husson, a.s., Ogwell, a.s., Margulius, a.s., Wanchai, a.s., Garribba, a.s., CPI - Orlová, a.s., Balvinder, a.s., Brandýs Logistic, a.s., CPI Reality, a.s., Tabcorp, a.s., Barkana, a.s., CPI Group, a.s., Soprem, a.s., Mendesa, a.s., Vorga, a.s., Zordiac, a.s., Muletí, a.s., Jeseník Property Development, a.s., Jetřichovice Property, a.s., Yosana, a.s., Tantara, a.s., CPI - Horoměřice, a.s., Wingera, a.s., FL Property Development, a.s., Darilia, a.s., Třinec Property Development, a.s., OC Nová Zdobov, a.s., CPI Delta, a.s., CPI Retails Třinec, a.s., Vyškov Property Development, a.s., Farma Valteřice, a.s., Marissa West, a.s., Marissa Tau, a.s., Grunt HZ s.r.o., CPI - Facility, a.s., RL - Management s.r.o., Biochov s.r.o., Olomouc City Center, a.s., Farma Radeč, a.s., Marissa Ypsilon, a.s., Marissa Kappa, a.s., Mařenická farma, a.s., Marissa Gama, a.s., CPI Jihlava Shopping, a.s., Marissa Théta, a.s., Janovická farma, a.s., Valkeřická ekologická, a.s., Marissa Yellow, a.s., Farma Javorská, a.s., Valdovská zemědělská, a.s., Farma Krásný Les, a.s., Marissa Omikrón, a.s., STRM Beta, a.s., STRM Delta, a.s., Modřanská Property, a.s., Dienzenhoferovy sady 5, s.r.o., Austenit, a.s., CPI Retail Portfolio III, s.r.o., Cerrini, s.r.o., Robberg, a.s., Residence Belgická, s.r.o., Hraníčář, a.s., CPI Alfa, a.s., CPI Beta, a.s., HAINES s.r.o., CPI Meteor Centre, s.r.o., CPI Národní, s.r.o., Zelená louka s.r.o., Kroměříž Property Development, a.s., Limagro s.r.o., CPI East, s.r.o., CPI Shopping Teplice, a.s., CPI Shopping MB, a.s., CPI West, s.r.o., Janáčkovo nábřeží 15, s.r.o., PG-Hazlov a.s., JIHOVÝCHODNÍ MĚSTO, a.s., Českolipská zemědělská a.s., Děčinská zemědělská a.s., NOVÁ ZBROJOVKA, s.r.o., Bubny Development, s.r.o., CPI Retail Portfolio VIII s.r.o., CPI Retails ONE, a.s., Industrial Park Stříbro, s.r.o., Development Pražská, s.r.o., Centrum Olympia Plzeň s.r.o., BAYTON Delta, a.s., BAYTON Alfa, a.s., Farma Ploučnice a.s., Tyršova 6, a.s., CPI Lambda, a.s., CPI South, s.r.o., CPI Epsilon, a.s., Naturland s.r.o., Spojené farmy a.s., OC Spektrum, s.r.o., BYTY PODKOVA, a.s., CPI Retail Portfolio I, a.s., PV - Cvikov s.r.o., Verneřický Angus a.s., CPI Palmovka Office, s.r.o., Agrome s.r.o., ZEMSPOL s.r.o., JAGRA spol. s r.o., HD Investment s.r.o., Český Těšín Property Development, a.s., Nymburk Property Development, a.s., CPI - Bor, a.s., Czech Property Development, a.s., MUXUM, a.s., CPI North, s.r.o., OFFICE CENTER HRADČANSKÁ, a.s., Angusland s.r.o., Zelená farma s.r.o., Marissa, a.s., EMH West, s.r.o., EMH South, s.r.o., EMH North, s.r.o., Biopotraviny s.r.o., Farmy Frýdlant a.s., Pastviny a.s., Farma Svitavka s.r.o., Zelená pastva s.r.o., Českolipská farma s.r.o., Biopark s.r.o., Arkáda Prostějov, s.r.o., CPI Hotels Properties, a.s., Estate Grand, s.r.o., Agro 2014 s.r.o., ITL Alfa, s.r.o., QTW Czech, s.r.o., Farma Třebeň, s.r.o., Ekofarma Lipná, s.r.o., Šenovská zemědělská, s.r.o., Statek Mikulášovice, s.r.o., Farma Poustevna,

s.r.o., CPI Blue, s.r.o., Brno Property Development, a.s., Projekt Nisa, s.r.o., Projekt Zlatý Anděl, s.r.o., Tepelná Litvínov, s.r.o.

Statutory representative:

REZIDENCE MASARYKOVA 36, s.r.o., Centrum Olympia Plzeň, s.r.o., PFCE Prague investments, s.r.o., Nisa OC, s.r.o., CPI Kappa, s.r.o., Nový Projekt CPI, s.r.o., CPI Blatiny, s.r.o.

As at 30 June 2017 Martin Němeček does not have any ownership interest in other entities.

Management

The Management of the Company was the Board of Directors of CPI Alfa in 30.6.2017.

The workplace of the Management – members of the Board of Directors of CPI Alfa – is Prague 1, Vladislavova 1390/17, 110 00.

Audit Committee

The Audit Committee is a supervisory body that monitors in particular the effectiveness of internal control, the risk management system, and monitors the preparation of the financial statements. It further assesses the independence of the statutory auditor and audit firm and the provision of non-audit services to the Company.

Members of the Audit Committee of CPI as of 30 June 2017:

Jiří Medřický - chairman of the Audit Committee, independent

Iveta Krašovicová - member of the Audit Committee, independent

Zdeněk Havelka - member of the Audit Committee

Principles of Remuneration for Members of the Supervisory Board and Board of Directors

CPI Alfa does not have any fixed principles for remuneration of the Supervisory Board members and the Board of Directors.

Body	Personal costs as at 30 June 2017 (TCZK)
Board of Directors	--
Supervisory Board	--

The General Meeting of CPI Alfa decides on the remuneration of members of the Supervisory Board and the Board of Directors according to § 187 (1g) of the Act No. 513/1991 Coll., Commercial Code, as amended.

Members of the Supervisory Board and the Board of Directors of CPI Alfa did not have any monetary or non-monetary income in 30.6.2017.

Members of the Supervisory Board, the Board of Directors and persons close to them do not own any shares issued by CPI Alfa and they are not contractual parties to any option or similar contracts, the underlying assets of which are participating securities issued by CPI Alfa, and no such contracts have been concluded to their benefit.

Given that CPI Alfa has no employees and therefore not executives within the meaning of the Labour Code, no bonuses were paid to executives.

Statement

They are no conflicts of interest for members of the Supervisory Board and the Board of Directors of CPI Alfa.

Internal Control System and Risk Report

CPI Alfa has established Audit committee. Other controls of internal processes falls fully within the competences and responsibilities of the members of the Board of Directors. As part of the internal control, members of the Board of Directors of CPI Alfa are responsible for the following:

- Reliability and sharing of information;
- Compliance with generally binding legal regulations and internal regulations;
- Safeguarding of property and proper use of resources;
- Achievement of set objectives.

As of 30 June 2017, CPI Alfa was exposed to the following risks arising from financial assets and financial liabilities:

Credit Risk

Credit risk refers to the risk of losses, to which CPI Alfa is exposed in the event that third parties (e.g. tenants) fail to fulfill their obligation toward the Company arising from their mutual financial or business relationships. CPI Alfa is exposed to the credit risk above all in leasing of properties (primarily trade receivables). The Company regularly monitors its receivables towards the tenants to minimize this risk.

Liquidity Risk

Liquidity risk refers to the risk of short-term lack of liquid funds to cover outstanding liabilities of the Company, i.e. in case of CPI Alfa, this is particularly a risk arising from the issued bonds and trade liabilities. The Company uses various planning tools to monitor liquidity risk of shortage of financial resources. These tools include:

- maintaining a sufficient amount of liquid resources;
- projections of future cash flows from operations.

Market Risk

The market risk includes the possibility of a negative development of the asset value due to unexpected changes in the underlying market parameters such as exchange rates or interest rates. Given the fact that all transactions of CPI Alfa are denominated in national currency and issued bonds bear fixed interest yields, the risk of exchange rate and interest rate risk is minimal.

As of 30 June 2017, CPI Alfa was exposed to the following risks arising from business activities:

Dependence of CPI Alfa on rental properties

Due to the fact that CPI Alfa operates only in the rental property, its financial results depend on the existence of tenants who are able to properly and timely pay the agreed rent and maintain the properties owned by CPI Alfa. If there was a significant loss of tenants, this fact could negatively affect the economic and financial situation of CPI Alfa.

Dependence of CPI Alfa in the payment of rent

CPI Alfa is dependent on the timely and proper payment of the rent and other payments from the tenants. Future returns will depend largely on the time remaining until expiration of leases with key tenants and the solvency of the key tenants. CPI Alfa believes that it has taken appropriate steps to protect itself from the above-mentioned risks by the estimation of risk solvency of its tenants and by the inclusion of the necessary arrangements in the lease agreements. If there was a default of tenants (current or future) to CPI Alfa, this could have a negative impact on the ability of CPI Alfa to meet its financial obligations.

Risk of early termination of the lease of the current and future tenants

Lease agreements concluded between the CPI Alfa and the individual tenants include a number of provisions for the event of breach of the contract. Certain lease agreements entered into between CPI Alfa and each tenant may contain provisions relating to the termination. Any premature termination by the lessee could have a material impact on the financial results of CPI Alfa.

Risks associated with low liquidity of real estate

The risk of investing in real estate is related to their low liquidity. Unlike financial assets, the sale of real estate may be more difficult and long-term matter which may adversely affect the profitability of investments in real estate. Any delays in the sales process or reduction of the sales price of such property as a result of bad timing of the sale, may have an adverse impact on the financial results of CPI Alfa.

The risks to the tenants

Risk of tenants of real estate owned by CPI Alfa may affect CPI Alfa. Risk factors threatening the tenant may indirectly affect the ability of CPI Alfa to meet its financial obligations.

Risk of damage to property and the need for sudden repairs

In the event that the properties owned by CPI Alfa are substantially damaged due to natural or any other unforeseen event or a sudden need for repairs occurs, it is possible that it can significantly decrease their market value. The same effect can occur if CPI Alfa does not properly maintain the properties, whether from a lack of liquidity or other reasons.

The risks associated with insurance of CPI Alfa

CPI Alfa has entered into property insurance for their most important assets. CPI Alfa cannot guarantee that the costs associated with any by natural or other unpredictable events will have a negative impact on its assets and the economic and financial situation of CPI Alfa since insurance does not provide full coverage of all the risks associated with real estate owned by CPI Alfa.

The risk of a conflict of interest between the shareholder and bondholder of CPI Alfa

CPI Alfa cannot exclude that in the future there will be no change in strategy and that its shareholder or any of the members of the Group begins to take steps (mergers, transactions, acquisitions, distributions, sale of assets, etc.), which can be conducted with a view to benefit the Group as a rather than in favour of CPI Alfa. Such changes may have a significant impact on the economic situation of CPI Alfa.

The risk of insolvency proceedings

The commencement of insolvency proceedings against a debtor generally entails certain legal effects (in particular, restrictions on the debtor's ability to dispose of their property), which occur regardless of whether or not the insolvency petition is substantiated. Generally, we cannot rule out that, in the event of an unsubstantiated petition for the commencement of insolvency proceedings against the Company, CPI Alfa would be limited, for an indefinite time, in the disposal of its property, which could adversely affect the financial situation of CPI Alfa.

Corporate Governance Code

CPI Alfa did not adopt a binding corporate governance code. CPI Alfa complies with all provisions of the Commercial Code relating to the shareholder rights - particularly to their right to influence CPI Alfa in matters such as the election of members of the Board of Directors and changes in the Articles of Incorporation. CPI Alfa duly convenes General Meetings and ensures equal treatment of all shareholders. In carrying out its statutory duties, CPI Alfa regularly reports on its financial situation, performance, ownership and management. Above and

beyond its statutory duties, it regularly reports on all significant matters affecting its business. The reason, why the CPI Alfa did not create or adopt any Code, is mainly the fact that the shares issued by CPI Alfa are not publicly traded and the existing simple shareholder structure with a sole shareholder.

REPORT ON CPI ALFA

Company CPI Alfa

CPI Alfa, a.s., with its registered office at Prague 1, Vladislavova 1390/17, Postal Code 110 00, Company Identification Number 242 82 111, was established on 21 March 2012 for an indefinite period of time. It carries out its activities in accordance with Czech law, under the Act No. 513/1991 Coll., Commercial Code, as amended. According to the Article 4 of the Articles of Incorporation of CPI Alfa valid as of 30 June 2017, the subject of business is:

- Rental of properties, residential and non- residential premises.

CPI Alfa was registered in the Commercial Register kept by the Municipal Court in Prague, Section B, File 18133. Documents are filed in the collection of documents and in the registered office of the Company.

Contact details

CPI Alfa, a.s.
Vladislavova 1390/17
110 00 Prague 1
tel.: +420 281 082 110,
fax: +420 281 082 150,
e-mail: cpi@cpi.cz,
www.cpialfa.cz

The parent company of CPI Alfa is the company Czech Property Investments, a.s., with its registered office at Prague 1, Vladislavova 1390/17, postcode 110 00, Company Identification Number 427 16 161 that prepares consolidated financial statements and consolidated annual report in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) as adopted by the European Union.

CPI Alfa is not dependent upon other entities within CPI PROPERTY GROUP.

No public bid for the takeover of CPI Alfa shares was made in H1 2017. CPI Alfa did not make any public bids for takeover of shares of other companies and its business was not interrupted. CPI Alfa was not involved in any judicial, administrative or arbitration proceedings which could have had a significant impact on its financial situation.

CPI Alfa is not a party to any contracts that will take effect, be changed or terminated in the event of a change in the control of the Company due to a takeover bid.

The Company did not enter into any contracts with members of the Board of Directors, based on which it would be bound to provide consideration in the event of the termination of their office or employment in connection of a takeover bid.

CPI Alfa did not create any programs, on the basis of which members of the Board of Directors are allowed to acquire participating securities of the Company, options to such securities or other rights to them under favourable conditions.

Economic Development in Czechia¹

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

Retail Market in Czechia²

Positive economic situation represented by low inflation and the low rate of unemployment in Czechia is supported by an increase in private consumption. Overall retail trade increased by 6.6% y-o-y in the second half of 2017 and in 2018 a slight slowdown of retail spending is expected.

By Q2 2017, the total volume of shopping centres in Czechia exceeded 2 350 000 sqm of modern retail space, with only one shopping centre opened in 2017. Currently there are only two shopping centres under construction: expansion of Centrum Chodov (Unibail-Rodamco) and expansion of IGY České Budějovice (CPIPG).

Retail investment market is healthy and since 2013 significant changes in the ownership of shopping centres have taken place. Half of shopping centre space has been transacted or has the potential to be transacted. Strong demand compresses the yield; prime yield dropped from 6.25% in 2013 to 4.75% in 2017.

The prime shopping centre rents increased by 13% y-o-y in Prague. In regions, the prime shopping centre rent remained stable.

Property Valuation

The financial statements of CPI Alfa as of 30 June 2017 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, which include the application of the fair value method. Since the Investment properties owned by CPI Alfa 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 report issued by Cushman&Wakefield (further “C&W”). C&W is a one of the leading commercial real estate services company, providing a full range of services to real estate occupiers, developers and investors on a local and international basis. C&W has about 300 offices in 70 countries, employing more than 45 000 professionals.

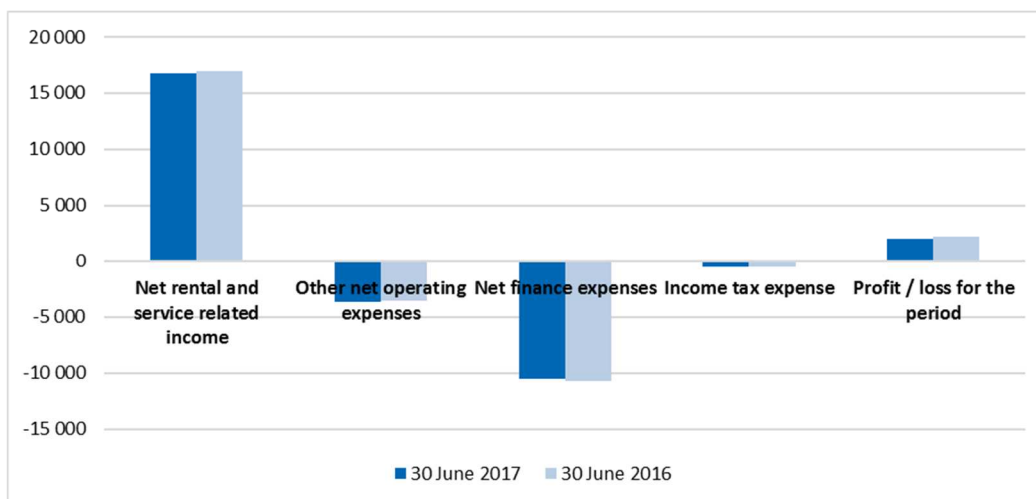
¹ Czech Office of Statistics (<https://www.czso.cz>)

² JLL (<http://www.jll.com>)

Earnings and Balance Sheet Analysis

For the date ended 30 June 2017, CPI Alfa reported a profit in the amount of TCZK 2 064 (30 June 2016 - TCZK 2 184).

Chart 1: Structure of Profit/Loss (in TCZK)



Total asset amounted to TCZK 427 503 as at 30 June 2017 (31 December 2016 - TCZK 422 993). The largest share of the total asset is represented by investment property amounting TCZK 417 907 (31 December 2016 - TCZK 417 907).

Chart 2: Structure of Assets (in TCZK)

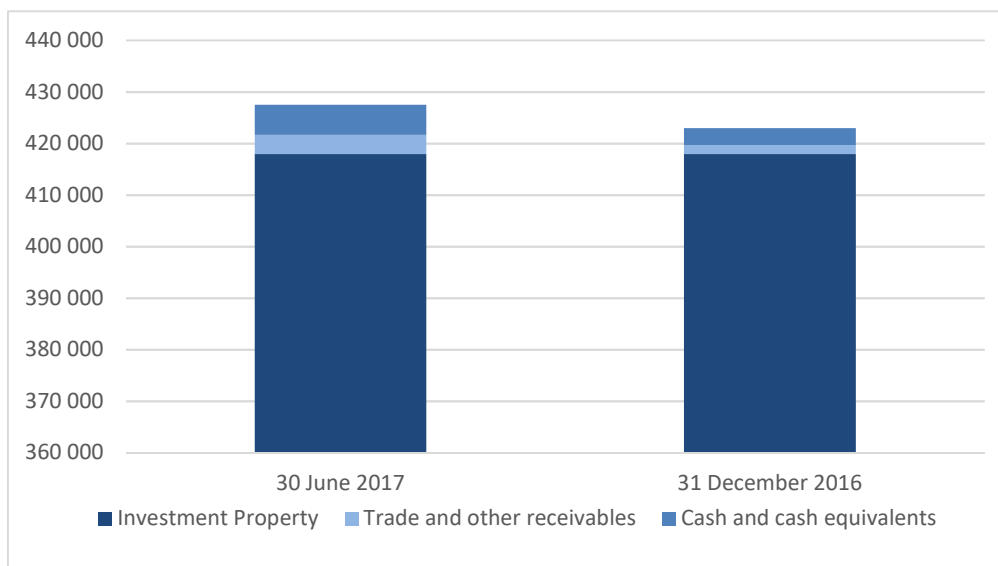
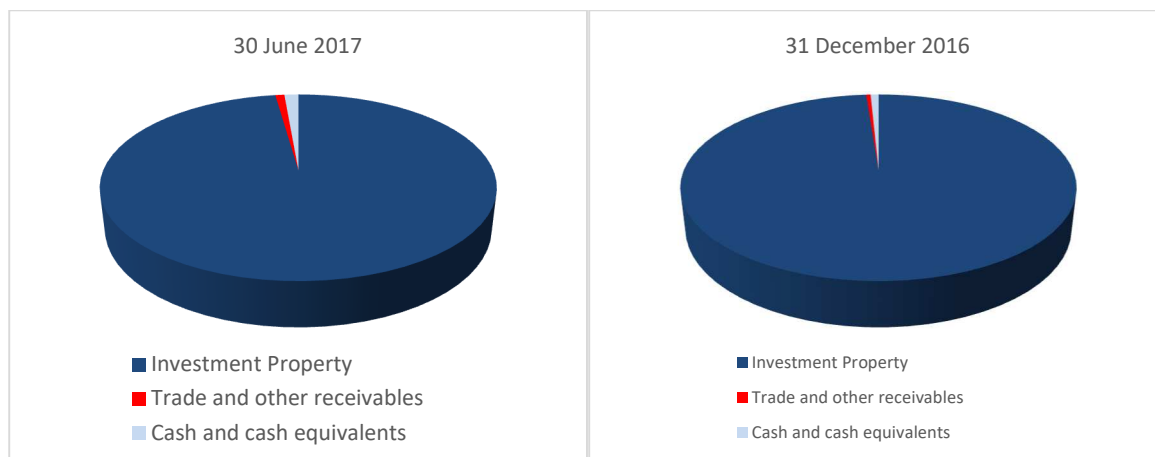


Chart 3: Structure of Assets (in %)



Total equity and liabilities amounted TCZK 427 503 as at 30 June 2017 (31 December 2016 - TCZK 422 993). The largest share of total liabilities is represent issued bonds in the total amount of TCZK 281 348 (31 December 2016 - TCZK 281 315).

Chart 4: Structure of Equity and Liabilities (in TCZK)

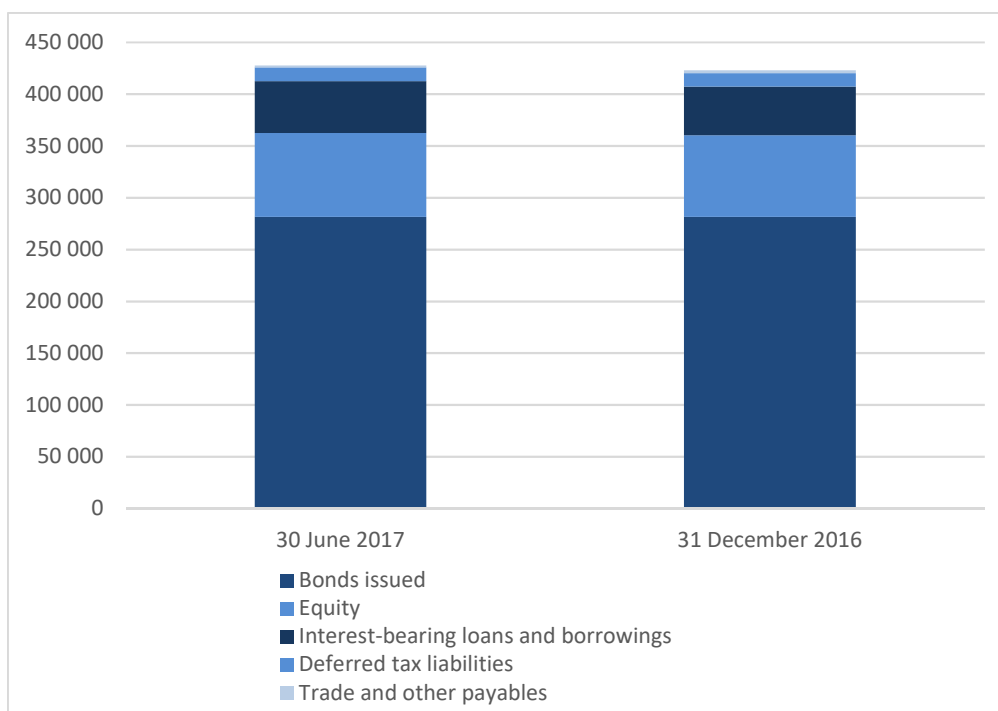
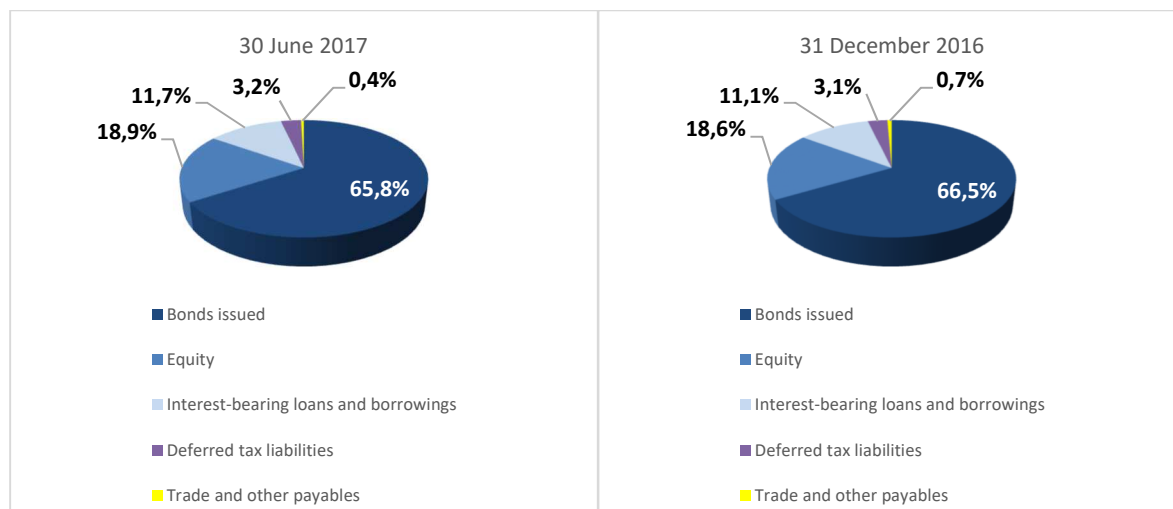


Chart 5: Structure of Equity and Liabilities (in %)



Financing

Data on Bonds

CPI Alfa issued following bonds:

ISIN	CZ0003502205
Date of Issue	26 October 2012
Maturity Date	26 October 2017
Nominal Value of 1 Bond	CZK 1.00
Number of Issued Bonds	279 000 000
Total Nominal Value	CZK 279 000 000.00
Number of Subscribed Bonds	279 000 000
Interest Rate	5.5% pa
Security Kind	owner/bearer
Security Form	dematerialized
Interests Payment	quarterly retrospectively always by 26 January, 26 April, 26 July and 26 October
Prospectus Approval	decision of the Czech National Bank Ref. No. 2012/10125/570 of 22 October 2012 which came into force on 22 October 2012
Security	shares issued by CPI Alfa and all properties held by CPI Alfa, guarantee statement provided by the parent company Czech Property Investments, a.s.
Market Traded from	Prague Stock Exchange, Corporate sector Market 29 October 2012

In October 2017, the bonds will be refinanced by a bank loan. According to the term sheet, the interest will be reduced significantly, while the principal of the bank loan will remain at the same amount. This will further enhance cash flow of the Company.

Information on Equity

Data on Shares

Shares of CPI Alfa, a.s. are common shares in the form of paper certificates, issued to the bearer, the nominal value is CZK 100 000 per share. The total nominal value of the issue is CZK 2 000 000. Income from the shares is taxed according to the Act No. 586/1992 Coll., on Income Tax, as amended. The tax is applied as a deduction on the dividend payment. Shares of CPI Alfa are pledged in favor of the company Raiffeisenbank a.s. as a security of the issued bonds. Changes in the owner of the paper shares are made by their handover and endorsement in accordance with the Securities Act. The share owner does not have any exchange or first option right, the shares do not have limited voting rights or any other special rights. During the shareholder voting at the General Meeting, each share represents one vote. Dividend payments are made by the Board of Directors of CPI Alfa in accordance with the decision of the General Meeting which determines the place and date of dividend payments. The latest date of dividend payment is the date designated as the reference date for the eligibility to participate in the General Meeting. The latest date of dividend payment is the date designated as the reference date for the dividend payment. Unless the General Meeting decides otherwise, the dividend is payable within one year of the date on which the General Meeting decided on profit distribution. After dissolution of CPI through liquidation, each shareholder is entitled to a share in the liquidation balance.

Shares of CPI Alfa are not traded on any public or regulated domestic or foreign market.

Data on Share Capital

The share capital of CPI Alfa is CZK 2 000 000 and it is divided into 20 shares with a nominal value of CZK 100 000 per share.

The share capital of CPI Alfa has been paid in full, it is not subject to any option or exchange rights. CPI Alfa is not a direct holder of any of its own participating securities.

Shareholder structure of CPI as of 30 June 2017:

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

CPI Alfa is not aware of any information about agreements between the shareholders that may make the transferability of shares or voting rights more difficult.

Data on Equity

The value of equity as of 30 June 2017 is TCZK 80 894 and it consists of: share capital (TCZK 2 000), capital funds (TCZK 25 000) and accumulated profit (TCZK 53 894).

OUTLOOK

As a SPV, CPI Alfa has been incorporated for acquisition, holding and renting of its own properties. In the following years, the business activities of CPI Alfa will concentrate on maintaining of full valuable relations with its tenants and on proper facility and property management. This aim shall ensure sufficient income for covering of its liabilities and for creating of a required profit.

Similarly to the current year, the Company does not plan any major capital expenditures.

OTHER

Research and Development

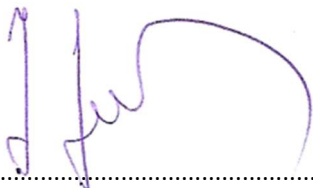
With regard to the content of the business activities of CPI Alfa, it is not engaged in research and development of new products or procedures.

Environment and Human Resources

CPI Alfa does not endanger the environment with its activities. As part of HR management, the Group strives to improve the organization of work and increase the qualifications of its employees through various training programs (e.g. intensive language training and technical courses).

Branches abroad

CPI Alfa does not have any branches abroad.



Prague, 2 October 2017
Zdeněk Havelka
Member of the Board of Directors
CPI Alfa, a.s.

FINANCIAL STATEMENTS

Condensed Interim Financial Statements as of 30 June 2017

- Statement of financial position
- Statement of comprehensive income
- Statement of cash flows
- Statement of changes in equity
- Notes to the Condensed Interim Financial Statements

Condensed interim financial statements
as at 30 June 2017



CPI Alfa, a.s.

Statement of financial position

	Note	30 June 2017	31 December 2016
ASSETS			
Non-current assets			
Investment property	3.1	417 907	417 907
Total non-current assets		417 907	417 907
Current assets			
Trade and other receivables	3.2	3 748	1 777
Cash and cash equivalents	3.3	5 848	3 309
Total current assets		9 596	5 086
TOTAL ASSETS		427 503	422 993
EQUITY			
Share capital	3.4	2 000	2 000
Other reserves	3.4	25 000	25 000
Retained earnings		53 894	51 830
Total equity		80 894	78 830
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	3.5	48 314	3 482
Deferred tax liabilities		13 387	12 903
Total non-current liabilities		61 701	16 385
Current liabilities			
Interest-bearing loans and borrowings	3.5	1 721	43 627
Bonds issued	3.6	281 348	281 315
Trade and other payables	3.7	1 839	2 836
Total current liabilities		284 908	327 778
Total liabilities		346 609	344 163
TOTAL EQUITY AND LIABILITIES		427 503	422 993

Notes to financial statements on page 6 to 18 are integral part of these financial statements.

Statement of comprehensive income

For the six-month period ended

	Note	30 June 2017	30 June 2016
Gross rental income	4.1	18 190	18 190
Property operating expenses	4.2	-1 320	-1 278
Net rental and service related income		16 870	16 912
Administrative expenses	4.3	-3 809	-3 513
Results from operating activities		13 061	13 399
Financial income	4.4	50	--
Finance costs	4.5	-10 563	-10 703
Net finance costs		-10 513	-10 703
Profit before income tax		2 548	2 696
Income tax expense	4.6	-484	-512
Profit from continuing operations		2 064	2 184
Profit for the period		2 064	2 184
Other comprehensive income/(expense) for the period, net of tax		--	--
Total comprehensive income for the period		2 064	2 184
Profit attributable to owners		2 064	2 184
Total comprehensive income attributable to owners		2 064	2 184
Earnings per share			
Basic earnings per share (TCZK)	3.4	103	109
Diluted earnings per share (TCZK)	3.4	103	109

Notes to financial statements on page 6 to 18 are integral part of these financial statements.

Statement of cash flows

For the six-month period ended

	Note	30 June 2017	30 June 2016
Cash flows from operating activities			
Profit before income tax		2 548	2 696
<i>Adjusted by:</i>			
Net finance costs	4.6	10 563	10 508
Profit before tax after adjustments		13 111	13 204
Changes in trade receivables		-1 971	95
Changes in liabilities		-1 632	1 385
Net cash from operating activities		9 508	14 684
Cash flow from financing activities			
Drawings of loans and borrowings	3.5	44 832	--
Repayments of loans and borrowings	3.5	-38 139	-8 026
Interest paid		-13 662	-7 801
Net cash used in financing activities		-6 969	-15 827
Net increase/(decrease) in cash and cash equivalents		2 539	-1 143
Cash and cash equivalents at beginning of the year		3 309	3 422
Cash and cash equivalents at the end of the year		5 848	2 279

Notes to financial statements on page 6 to 18 are integral part of these financial statements.

CPI Alfa, a.s.

Condensed interim financial statements for the six-month period ended 30 June 2017 in thousand Czech koruna (TCZK)

Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2017	2 000	25 000	51 830	78 830
Profit for the period	--	--	2 064	2 064
Total other comprehensive income for the period	--	--	--	--
Balance at 30 June 2017	2 000	25 000	53 894	80 894

	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2016	2 000	25 000	30 874	57 874
Profit for the period	--	--	2 184	2 184
Total other comprehensive income for the period	--	--	--	--
Balance at 30 June 2016	2 000	25 000	33 058	60 058

Notes to financial statements on page 6 to 18 are integral part of these financial statements.

CPI Alfa, a.s.

Notes to the condensed interim financial statements for the six-month period ended 30 June 2017 in thousand Czech koruna (TCZK)

Notes to the Financial Statements

1 General information

CPI Alfa, a.s. (hereafter “the Company”) is a joint-stock company incorporated under the laws of the Czech Republic.

The Company was established on 21 March 2012 and was incorporated in the Commercial register kept by the Municipal Court in Prague. The registration number of the Company is 242 82 111.

The address of its registered office is Vladislavova 1390/17, Nové Město, 110 00 Praha 1.

Principal activities

The Company rents and manages its investment property portfolio composed of retail parks.

Shareholder

The sole shareholder of the Company is Czech Property Investments, a.s. (hereafter “CPI a.s.”) with its registered office - Vladislavova 1390/17, 110 00 Praha 1, Czech Republic. The registration number of the sole shareholder is 427 16 161. The Company is part of consolidated group of Czech Property Investments, a.s. (hereafter “CPI Group”), which is controlled by CPI PROPERTY GROUP, located at 40, rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg.

The CPI a.s.’s share is fully pledged as a security for issued bonds (note 3.6)

Management

As at 30 June 2017

Board of Directors

Members

Zdeněk Havelka, since 21 March 2012
Martin Němeček, since 25 September 2012

Supervisory Board

Members

Milan Trněný, since 28 January 2014

As at 31 December 2016

Board of Directors

Members

Zdeněk Havelka, since 21 March 2012
Martin Němeček, since 25 September 2012

Supervisory Board

Members

Milan Trněný, since 28 January 2014

Employees

The Company has no employees as at 30 June 2017 (as at 31 December 2016 – no employees).

2 Significant accounting policies

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

2.1 Basis of preparation

The condensed interim financial statements for the six-month period ended 30 June 2017 have been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed 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 2016.

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

The condensed interim financial statements are presented in thousands of Czech koruna 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 2016.

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 the issue by the Board of Directors on 2 October 2017.

a) Going concern

In determining the appropriate basis of preparation of the financial statements, the Board of Directors is required to consider whether the Company can continue as a going concern for the period of at least 12 months from 30 June 2017.

As at 30 June 2017, the Company's current liabilities exceeded its current assets by CZK 275.3 million and the bonds issued in total amount of CZK 281.3 million are due in October 2017. These facts represent material uncertainty towards going concern of the Company.

To address its financing requirements, the Company actively seeks financing through debt restructuring. The management of the Company expect that the current bonds financing will be replaced by bank financing. On 17 August 2017 the Company signed indicative term sheet concerning the refinancing of the existing liabilities arising from bonds issued (refer to note 9 for more information).

Notwithstanding the negative working capital of CZK 275.3 million, the Board of Directors is of the view that going concern of the Company is appropriate as at 30 June 2017 based on the following reasons:

- The Company is profitable, profit before income tax from continuing operations as at 30 June 2017 amounts to CZK 2.5 million (six-month period ended 30 June 2016 – CZK 2.7 million);
- The Company generates positive operating cash flow of CZK 9.5 million (six-month period ended 30 June 2016 – CZK 14.7 million)
- The management of the Company takes necessary steps to replace the current financing through issued bonds which mature in 2017 by a new bank financing;
- Bonds issued by the Company are subject to several covenants and there has never been a problem with their compliance;
- The Company is incorporated into CPI Group (Group operated by Czech Property Investments, a.s.). Major shareholder of Czech Property Investments, a.s. is CPI Property Group, Luxembourg based company,

whose shares are listed on the regulated market of the Frankfurt Stock Exchange. The Company being an integral part of CPI PG is supported by its mother company which prospers and is operationally strong (whose operational existence is unquestionable).

Accordingly, the financial statements as at 30 June 2017 have been prepared on the going concern basis that contemplates the continuity of regular business activities and realization of assets together with the settlement of liabilities in the ordinary course of business.

2.2 New accounting standards and amendments

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

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

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

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

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

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

New standards and interpretations not yet adopted

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

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification

and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement. It is very likely to affect the Company's accounting treatment of financial instruments. The Company is yet to assess IFRS 9's full impact.

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

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

The Company refers to the endorsement status of the new IFRS standards and amendments to standards and interpretations as they are published by the European Union (https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_en).

2.3 Estimates

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

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 2016.

3 Statement of financial position

3.1 Investment property

At 30 June 2017

	Retail	Total
Balance at 1 January 2017	417 907	417 907
Balance at 30 June 2017	417 907	417 907

At 31 December 2016

	Retail	Total
Balance at 1 January 2016	393 136	393 136
Additions	296	296
Valuation gain	24 475	24 475
Balance at 31 December 2016	417 907	417 907

Investment property represents retail portfolio in Dobříš, Holešov, Holice, Rýnovice u Jablonce nad Nisou, Liberec, Říčany, Semily, Tanvald and Turnov.

Investment property portfolio was purchased in October 2012 with current tenants.

All investment property is pledged as a security for issued bonds.

Investment properties at an aggregate value of TCZK 3 757 (31 December 2016 – TCZK 3 757) are held under long – term finance lease arrangements, which expire in 2044. For liabilities related to lease investment properties refer to note 3.5.

Fair value of Investment property

Retail portfolio value was not updated by any external valuator as at 30 June 2017.

The management of the Company analysed current situation on retail market together with current yields, discount rates applied and other inputs used in Income capitalization method of valuation. Fair value of retail properties was determined based on management's analysis described above and does not significantly differ from fair value as at 31 December 2016.

3.2 Trade and other receivables

Current

	30 June 2017	31 December 2016
Trade receivables due from related parties (note 7.1)	2 817	--
Trade receivables due from third parties	174	443
Other receivables due from third parties	141	141
Prepaid expenses	616	1 193
Total current trade and other receivables	3 748	1 777

3.3 Cash and cash equivalents

	30 June 2017	31 December 2016
Bank balances	5 848	3 309
Total cash and cash equivalents	5 848	3 309

The Company has no restricted cash as at 30 June 2017 and 31 December 2016.

3.4 Equity

Changes in equity

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

Share capital

Share capital of the Company consists of 20 pcs of shares (as at 31 December 2016 – 20 shares), each with a nominal value of TCZK 100 each (31 December 2016 - TCZK 100). Share capital as at 30 June 2017 was TCZK 2 000 (31 December 2016 - TCZK 2 000). All shares are the same type (ordinary registered shares) and fully paid-up.

Other reserves

Other reserves consist of owners contribution of TCZK 25 000 (as at 31 December 2016 – TCZK 25 000).

Earnings per share

	30 June 2017	30 June 2016
Net profit attributable to ordinary shareholders for the 6-month period ended	2 064	2 184
Earnings per share – basic	103	109
Earnings per share - diluted	103	109

3.5 Interest bearing loans and borrowings

Non-current

	30 June 2017	31 December 2016
Loans from related parties (1)	44 832	--
Finance lease liabilities	3 482	3 482
Total non-current interest bearing loans and borrowings	48 314	3 482

Current

	30 June 2017	31 December 2016
Loans from related parties (1)	1 446	43 352
Finance lease liabilities	275	275
Total current interest bearing loans and borrowings	1 721	43 627

(1) The original loan was provided by the parent company CPI a.s. and beared fixed interest of 10 % p.a. The principal of the loan plus accrued interest (31 December 2016 - TCZK 43 352) was repaid on 7 March 2017.

The Company concluded new loan contract with related party on 16 February 2017. The non-current part of loan TCZK 44 832 is represented by its principal. The current part of a loan TCZK 1 446 represents unpaid interests only. The loan bears fixed interest of 10 % and credit limit up to amount of TCZK 150 000. The loan is due on 31 December 2023.

CPI Alfa, a.s.

Notes to the condensed interim financial statements for the six-month period ended 30 June 2017 in thousand Czech koruna (TCZK)

3.6 Bonds issued

	30 June 2017		31 December 2016	
	No. of bonds issued	Value	No. of bonds issued	Value
Current				
Proceeds from issued bonds - CPI Alfa, a.s. (1)	279 000 000	279 000	279 000 000	279 000
Less: transaction cost	--	-465	--	-541
Accrued interest on bonds - CPI Alfa, a.s.	--	2 813	--	2 856
Total current	--	281 348	279 000 000	281 315
Total bonds issued	279 000 000	281 348	279 000 000	281 315

- (1) CPI Alfa bonds were issued on 26 October 2012 and mature on 26 October 2017. The nominal value of each bond is CZK 1. The Company could issue bonds up to maximum value of TCZK 279 000.

Bonds were issued as bearer notes in listed form (registered in the Central Securities Depository, ISIN CZ0003502205). The prospectus was approved by the decision of the Czech National Bank on 22 October 2012, reference number 2012/10125/570 effective on 22 October 2012. Bonds were accepted for trading at the Prague Stock Exchange.

Bonds CPI Alfa bear the fix interest rate 5,5 % p.a. Interests are due quarterly, on 26 January, on 26 April, on 26 July, and on 26 October respectively.

Collateral

In order to secure the obligations arising from bonds issued the Company or its parent company respectively pledged following assets as collateral:

- investment property;
- shares in CPI Alfa, a.s.

Any liabilities arising from issued bonds are guaranteed by CPI a.s., the sole shareholder of CPI Alfa, a.s.

3.7 Trade and other payables
Current

	30 June 2017	31 December 2016
Trade payables due to related parties (note 7.1)	--	24
Trade payables due to third parties	637	1 698
Advances received	594	498
Value added tax payables	608	616
Total current trade and other payables	1 839	2 836

4 Statement of comprehensive income

4.1 Gross rental income

For the six-month period ended

	30 June 2017	30 June 2016
Total gross rental income	18 190	18 190

Gross rental income includes income from rental of 9 supermarkets. These supermarkets are leased to Billa and Penny Market retail chains.

Rental contracts are concluded till 2025. No service charges are invoiced to tenants.

4.2 Property operating expenses

For the six-month period ended

	30 June 2017	30 June 2016
Repairs and maintenance	-20	-66
Facility management	-903	-671
Real estate tax	--	-130
Security services	-120	--
Property insurance expenses	-28	-57
Other property related expenses	-249	-354
Total property operating expenses	-1 320	-1 278

4.3 Administrative expenses

For the six-month period ended

	30 June 2017	30 June 2016
Services provided based on mandate contracts (1)	-2 871	-2 919
Rental expenses	-124	-400
Audit, tax and advisory services	-224	--
Repairs and maintenance	-466	--
Other administrative expenses	-2	--
Valuation services	-122	-194
Total administrative expenses	-3 809	-3 513

(1) Services provided based on mandate contracts are provide by related party – CPI Services, a.s., part of CPI Group (see note 7.1).

4.4 Finance income

For the six-month period ended

	30 June 2017	30 June 2016
Net foreign exchange gain	50	--
Total finance income	50	--

CPI Alfa, a.s.

Notes to the condensed interim financial statements for the six-month period ended 30 June 2017 in thousand Czech koruna (TCZK)

4.5 Finance costs

For the six-month period ended

	30 June 2017	30 June 2016
Interest expense related to non-bank loans (1)	-2 137	-1 999
Interest expense on bonds issued (2)	-8 426	-8 703
Net foreign Exchange loss	--	-1
Total finance expenses	-10 563	-10 703

- (1) Interest expense related to loans from related parties represents interest on loans provided by the parent company CPI a.s. and related party (further details are described in note 3.5 and 7.1).
- (2) Interest expense on bonds issued represents interest payments to bondholders (TCZK 7 715) and amortization of transaction costs (TCZK 711).

4.6 Taxation

For the six-month period ended

	30 June 2017	30 June 2016
Deferred income tax expense	-484	-512
Income tax expense recognised in profit or loss	-484	-512

Tax expense for the six-month period ended 30 June 2017 is recognized based on management's best estimate of the effective tax rate for full financial year 2017.

The Company's effective tax rate in respect of continuing operations for the six-month ended 30 June 2017 was 19 % (six-month period ended 30 June 2016: 19 %).

5 Financial risk management

5.1 Fair values

Categories of financial instruments

Financial assets of the Company comprise trade and other receivables and cash and cash equivalents, which are all classified as receivables.

Financial liabilities of the Company comprise interest bearing loans and borrowings, bonds issued and trade and other payables, which are classified as other financial liabilities.

The following table analyses within the fair value hierarchy the Company's liabilities not measured at fair value at 30 June 2017 and 31 December 2016 but for which fair value is disclosed.

	Fair value hierarchy (Level)	Carrying amount		Fair value	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
Financial assets					
Trade and other receivables		3 748	1 777	3 748	1 777
Cash and cash equivalents		5 848	3 309	5 848	3 309
Total financial assets		9 596	5 086	9 596	5 086
Financial liabilities					
Interest bearing loans and borrowings	Level 3	50 035	47 109	47 390	45 930
Bonds issued	Level 1	281 348	281 315	279 000	279 000
Trade and other payables		1 839	2 836	1 839	2 836
Total financial liabilities		333 222	331 260	328 229	327 766

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

CPI Alfa, a.s.

Notes to the condensed interim financial statements for the six-month period ended 30 June 2017 in thousand Czech koruna (TCZK)

6 Contingent assets and liabilities

6.1 Contingent assets

Management of the Company is not aware of existence of any contingent assets as at 30 June 2017.

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 of about any potential law-suit.

7 Related parties

The Company has a related party relationship with its members of Board of Directors and shareholder and companies in which these parties hold controlling or significant influence or are joint ventures.

7.1 Related party transactions

Breakdown of balances between the Company and related parties is as follows:

Trade receivables

	30 June 2017	31 December 2016
CPI Services, a.s.	2 817	--
Total trade receivables	2 817	--

Loans from related parties as at

30 June 2017

	< 1 year	2-5 years	>5 years	Total
ORCO PROPERTY GROUP S.A.	1 446	--	44 832	46 278
Total loans from related parties	1 446	--	44 832	46 278

31 December 2016

	< 1 year	2-5 years	>5 years	Total
Czech Property Investments, a.s.	43 352	--	--	43 352
Total loans from related parties	43 352	--	--	43 352

Trade and other payables

	30 June 2017	31 December 2016
CPI Services, a.s.	--	24
Total current payables	--	24

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

Administrative expenses

For the six-month period ended

	30 June 2017	30 June 2016
CPI Services, a.s.	2 871	2 919
Total purchases related to related parties	2 871	2 919

Finance costs

For the six-month period ended

	30 June 2017	30 June 2016
Czech Property Investments, a.s.	691	1 999
ORCO PROPERTY GROUP S.A.	1 446	--
Total interest expense related to related parties	2 137	1 999

Interest expense includes interest on interest-bearing loans (note 3.5).

8 Capital commitments

The Company has no capital commitments as at 30 June 2017 (as at 31 December 2016 – no capital commitments).

9 Subsequent events

On 17 August 2017, the Company signed the indicative term sheet with Intensa Sanpaolo Group, Czech Republic (the “Lender”) containing a summary of assumptions and conditions under which the Lender would ensure the financing for the Company. The main conditions of the loan, through which the current bond financing will be replaced, are the following:

- Credit facility in maximal volume of CZK 286.44 million for the whole portfolio and at the same time max. 70 % of LTV;
- Quarterly repayment of principal and interest;
- Interest rate of 3M IBOR + 1,9 % p.a. margin
- Maturity on 31 December 2022.

Prague, 2 October 2017



Zdeněk Havelka

Member of the Board of Directors

CPI Alfa, a.s.