CTP

ANNUAL REPORT 2017

Content

July 2017. Construction underway on a customised distribution centre for Raben at CTPark Prague East—the first own-built property at this strategic site, which CTP previously acquired and refurbished. Raben, a long-term client, required a custom-built distribution centre with non-standard clear height, cross-dock facilities, an office extension and a parking garage for employees and visitors. The company chose CTPark Prague East due to its proximity to the city centre and direct highway connection at the junction of Prague's ring road and the D1 highway. Raben moved into its new facilities in Q2 2018.

CTP completed a 51,000 m² semi-automated distribution centre and a 16,000 m² extension for a new client, MAKRO, the Czech subsidiary of German wholesaler METRO. The company chose CTPark Prague North for its strategic location near the city centre and possibility for future expansion. The customised CTFit building incorporates higher-than-standard clear height and specialised installations for semi-automated processes. MAKRO began operations in the award-winning building in Q1 2018.

Workers put the finishing touches on the interior of a large distribution centre. CTP works closely with the client at every step of the development process to ensure the highest standards of design and build, and that delivery schedules are kept.

CTP IS A FULL-SERVICE COMMERCIAL REAL ESTATE DEVELOPER AND MANAGER, SPECIALISING IN THE DELIVERY AND MANAGEMENT OF CUSTOM-BUILT, HIGH-TECH BUSINESS PARKS FOR LEADING INTERNATIONAL AND DOMESTIC COMPANIES MAKING STRATEGIC INVESTMENTS IN NEW OR EXPANDED OPERATIONS IN CEE. CTP IS THE OWNER OF THE CTPARK NETWORK, THE LARGEST INTEGRATED SYSTEM OF PREMIUM BUSINESS PARKS IN CEE, WITH OVER 4.45 MILLION M² OF A-CLASS PROPERTIES IN OVER 95 STRATEGIC LOCATIONS AS OF 31 DECEMBER 2017.

3,787

TOTAL INVESTMENT PROPERTY

4,386

TOTAL ASSET VALUE

1,736

TOTAL EQUITY

All numbers in EUR million

49%
LOAN TO VALUE RATIO

125
EPRA PROFIT BEFORE TAX

2,025
TOTAL FINANCING

329
NET VALUATION RESULT ON INVESTMENT PROPERTY

237
GROSS REVENUES

2017 WAS ANOTHER SUCCESSFUL YEAR FOR CTP BOTH FINANCIALLY AND OPERATIONALLY. REVENUES ROSE 16% Y-O-Y TO OVER EUR 240 MILLION, WHILE PRE-TAX PROFIT GREW 20% COMPARED TO 2016. THANKS TO STRONG MARKET CONDITIONS GLOBALLY AND WITHIN CEE SPECIFICALLY, WE EXPANDED TOTAL LETTABLE AREA BY OVER 610,000 M^2 TO 4.5 MILLION M^2. SIGNIFICANTLY, 2017 MARKS THE FIRST YEAR THAT OUR PORTFOLIO GREW MORE OUTSIDE OUR CORE MARKET OF THE CZECH REPUBLIC, WITH EXPANSION IN ROMANIA AND HUNGARY ACCOUNTING FOR OVER TWO-THIRDS OF OVERALL PORTFOLIO GROWTH DURING THE YEAR.

2017 RESULTS

In 2017, CTP made significant progress in our new markets of Romania and Hungary, where we grew our portfolio to nearly 250,000 m^2 and 170,000 m^2 respectively. Romanian projects now comprise nearly 16% of our overall portfolio, compared to less than 12% last year. Hungarian projects also grew proportionally, growing from 6% to 9% of the overall portfolio.

CTP continued to deliver on our key performance indicators throughout the region during the year. We outperformed the market in terms of leasing activity and by year-end held only 2.5% vacancy across the portfolio. Continued low vacancy has enabled us to improve the terms of our rental agreements, resulting in increased rental rates. We continued to renegotiate sufficient lease expirations to maintain our WAULT (Weighted Average Unexpired Lease Term) at seven years. We continue to manage the overall aging of the portfolio, with average building age dipping only slightly to eight years.

THE MARKET

As expected, the trends emerging in 2016 continued to grow through 2017. The increasing importance of greater automatisation in production processes and the continued growth of e-commerce have driven the demand for built-to-suit solutions, high-quality energy efficient buildings, and large-scale logistic operations. The CEE region continues to attract suppliers in the automotive supply chain and logistics industries due to high-quality labour, improving infrastructure, proximity to western markets and continued lower wages vis-à-vis western neighbours, despite a tightening labour market. Romanian GDP grew approximately 7% during the year, while other CEE countries generally outperformed western European economies.

OPERATIONS

In 2017, CTP pushed ahead with a number of major initiatives aimed at enabling the company to accommodate growth and achieve greater operational efficiencies. During the year we launched a new customer relationship management platform and continued to transfer our older IT architecture to a more integrated system to improve our overall business intelligence. We introduced new accounting, legal and property management applications and are rolling out full integration in each country. This enables the smarter tracking of building refurbishment needs for our facility managers, improves the tracking and consistency of contracts across all markets for our legal team, and simplifies group accounting for a clearer, real-time understanding of budgets and cash flow.

For clients, we rolled out a new Service Desk application that allows real-time tracking of client issues while also providing data that we can use to continually improve our overall service performance. As current client expansion continues to make up the majority of our growth — nearly 70% — our ability to provide a professional, friendly and responsive service is a key success factor in our company's future expansison.

In order to keep up with the pace of growth, we enlarged our team of property professionals 26% y-o-y to 305 by end 2017. While we had some turnover in middle management, we deepened our top management team with the addition of an experienced COO, Robert Pitt, as well as with key local hires for the positions of Hungarian country manager and Romanian CFO, among others.

REMON L. VOS, FRICS
Chief Executive Officer

DIVESTMENTS

CTP continued to divest selected non-core assets in 2017 based on the continued organic growth of our portfolio. During the year we sold two individual projects at acceptable terms and with negligible impact on overall portfolio size. Additional non-core assets held for sale are expected to generate approximately EUR 35 million in 2018, which will further strengthen our cash flow and balance sheet position.

INNOVATION

During the year we took advantage of local opportunities to launch construction of our Vlněna office development in Brno based on significant demand and undersupply on the market for high-quality office space. With pre-leases signed, CTP began construction of phase I, with the first buildings expected to be delivered in Q3 2018. Also in Brno we launched, to favourable reviews, our innovative student housing project, Domeq at Ponāvka. Fully launched in Q3 2017, the project is a first-of-its-kind in the city, and CTP plans to develop similar projects based on its success.

Within our core business, the CTPark Network, we continued to roll out innovation at CTPark Bor with the completion of a new Service Centre and development of a second accommodation facility for tenant employees as part of our on-going efforts to go beyond the norm to meet the needs of our clients. One of our largest and most successful industrial parks, CTPark Bor is strategically located at the Czech-German border and has proven highly attractive for logistics operators and manufacturers in the auto supply chain. Our innovative worker accommodation and service centre, complete with canteen and doctors office, were developed in direct response to client needs. As a response to the tightening of labour conditions across the region, in 2017 CTP launched a personnel service to ensure that our clients have a sufficient supply of qualified people to operate at full capacity.

LOOKING AHEAD

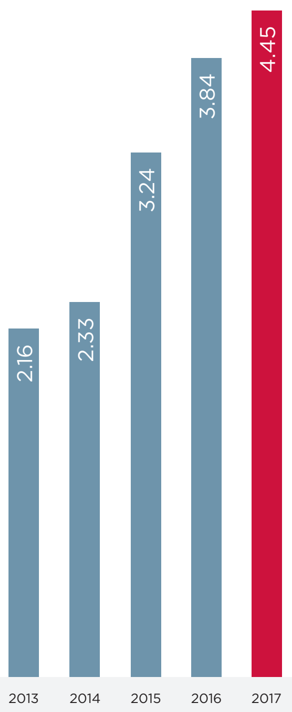
Looking ahead to 2018, we anticipate continued growth in all of our markets, with the majority of portfolio expansion expected to come from new construction projects, continuing the trend from 2017. With projects either currently under construction or soon to begin, our pipeline is deep. Combined with a number of strategic acquisitions in the queue, we plan to add over 1 million m² to the portfolio, to reach 5.5 million m² during 2018.

Portfolio Growth

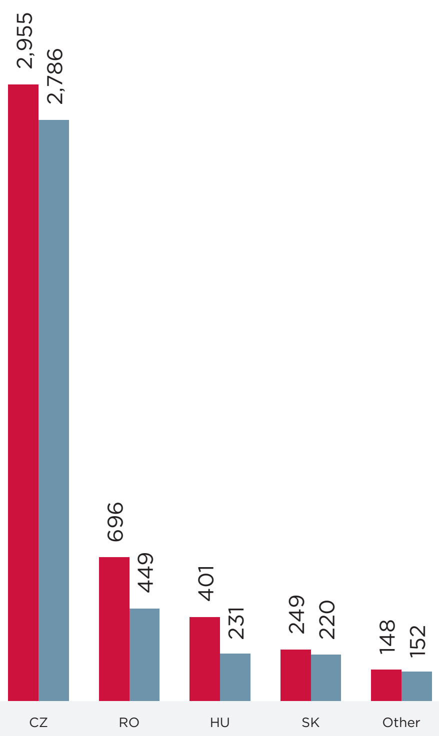
CTP ACHIEVED IMPRESSIVE RESULTS EXPANDING OUR PORTFOLIO DURING 2017, GROWING IN ALL COUTRIES WHERE WE ARE PRESENT. IN PARTICULAR, SIGNIFICANT DEMAND AROUND THE CZECH CAPITAL, PRAGUE, AND IN BUCHAREST, ROMANIA, WERE THE MAIN HIGHLIGHTS OF THE YEAR.

611

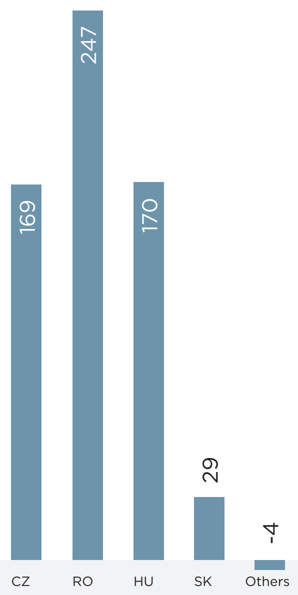
NET PORTFOLIO GROWTH
(In thousand m²)



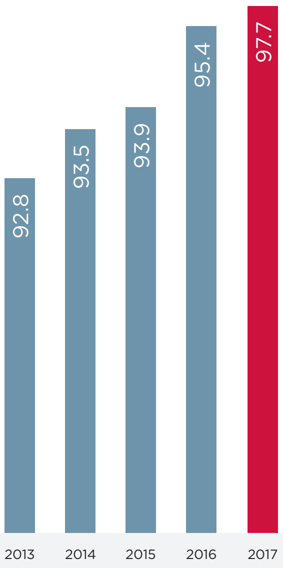
TOTAL LETTABLE AREA
(In million m²)
Total lettable area grew 16% to 4.45 million m² in 2017, in line with our plan to grow to over 7 million m² by 2020.

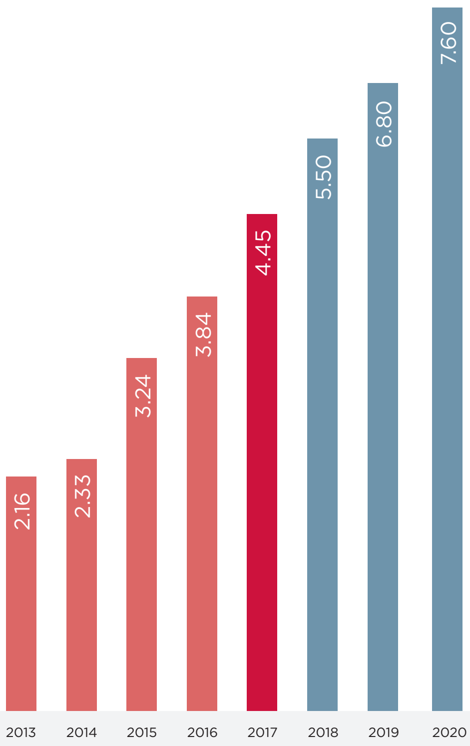


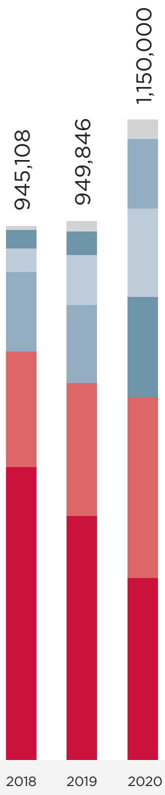
TOTAL LETTABLE AREA BY COUNTRY
(In million m²)
Growth of the portfolio continued to expand throughout the region due to unprecedented demand, demonstrating the on-going appeal of the benefits of locating in CEE.



PORTFOLIO GROWTH BY COUNTRY
(In thousand m²)
Despite being our core and home market, the portfolio grew more outside the Czech Republic during the year, demonstrating the wisdom of our strategy to move into newer markets a few years ago.







OCCUPANCY OF CORE PORTFOLIO ASSETS

(In %)

CTP maintainted a conservative approach during the year, building very little additional space on a speculative basis. In line with other market trends, CTP's occupancy levels increased due to the continued demand and lower overall availabilty, which is expected to translate to higher headline rents in the near- to medium-term.

LETTABLE AREA DEVELOPMENT

(In million m²)

CTP's overall growth plan is to add approximately 1 million m² yearly to our portfolio. Our projections are based on a sound understanding of the region and market trends that we believe will continue for the forseeable future.

Actual

Plan & Pipeline (Projections)

INDUSTRIAL PIPELINE

(In m²)

Our strong industrial pipeline, comprised of projects already under contract or in advanced stages of negotiations, underpins our growth plan throughout the region.

Czech Republic
Romania
Slovakia
Hungary
Poland
Other

Financial Highlights

CTP ACHIEVED IMPRESSIVE FINANCIAL RESULTS IN 2017, DRIVEN BY THE GROWTH OF OUR PORTFOLIO, EFFECTIVE REFINANCING, AND CONTINUED FOCUS ON OPERATIONAL EFFICIENCY. PROFIT BEFORE INCOME TAX (EPRA) ROSE TO OVER EUR 125 MILLION, AND A STRONG NET VALUATION RESULT INCREASED THE PORTFOLIO VALUE TO OVER EUR 4 BILLION, A 21% INCREASE Y-O-Y.

4,097

PORTFOLIO VALUATION, 2017
(In EUR million)

3,382

PORTFOLIO VALUATION, 2016
(In EUR million)

VALUATION YIELDS

(In %)
A positive investment environment continued through 2017, putting downward pressure on yields. For the majority of the portfolio, the greater yield compression in each market resulted in a strong overall net valuation result.

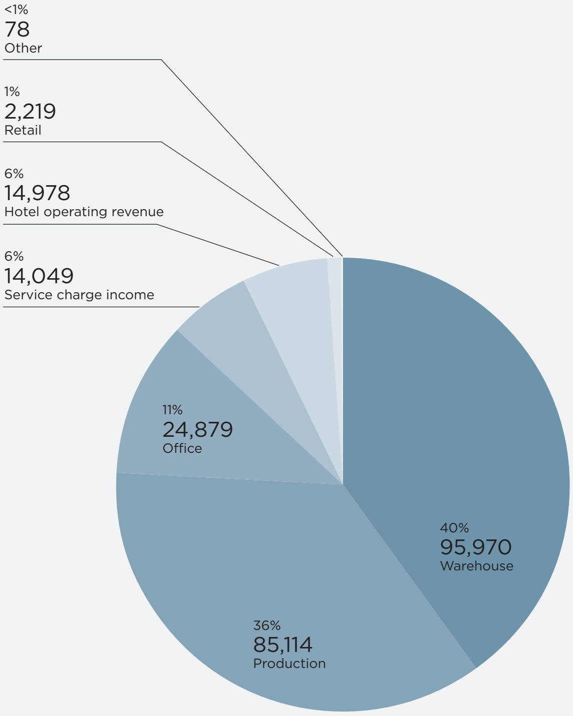
	2013	2014	2015	2016	2017
Industrial premises					
Czech Republic	7.75–8.50	7.00–7.50	6.75–7.25	6.25–7.75	6.00%–8.50%
Romania	9.50–9.75	9.75–9.85	9.00–9.25	8.75–9.00	7.80%–9.00%
Slovakia	8.75–9.00	8.50–8.75	7.75–8.00	7.5–7.75	7.50%–7.90%
Hungary	N/A	N/A	9.50	8.5–9.00	7.75%–9.00%
Poland	N/A	N/A	7.00	6.75	6.75%–7.00%
Office properties					
Czech Republic	7.40–8.00	7.20–8.00	7.15–8.00	6.50–7.75	6.25%–8.50%
Slovakia					7.00%

SELECTED FINANCIAL RESULTS

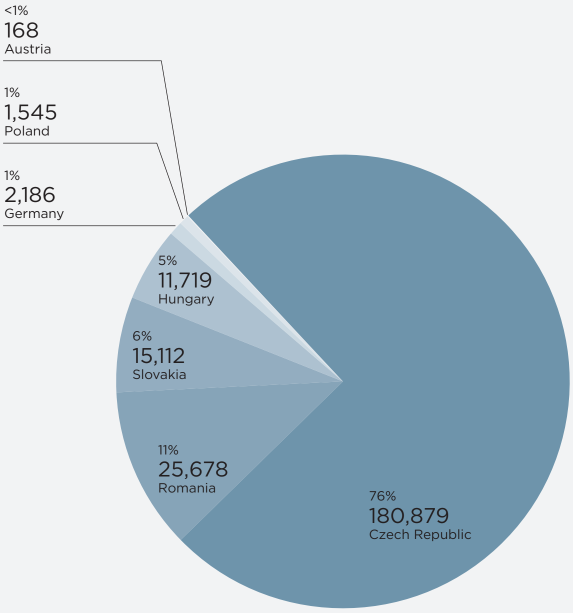
(In EUR thousand)

Year	Gross revenues	Net valuation result on investment property	Personnel expenses	EPRA profit before tax	Profit/loss before income tax	Total asset value	Total investment property	Total equity	Total financing
2013	120,440	28,222	5,024	58,235	99,234	1,987,611	1,905,655	671,949	1,071,257
2014	133,698	212,571	4,936	62,235	275,235	2,356,951	2,239,949	900,863	1,156,359
2015	165,282	174,063	6,007	83,199	267,993	3,061,411	2,924,220	1,124,027	1,558,714
2016	204,802[1]	260,835	7,399[2]	112,062	384,166	3,628,258	3,382,106[3]	1,434,233	1,731,547
2017	**237,287[1]**	**328,528**	**11,030[2]**	**125,483**	**459,229**	**4,385,960**	**4,096,799[3]**	**1,736,121**	**2,024,745**

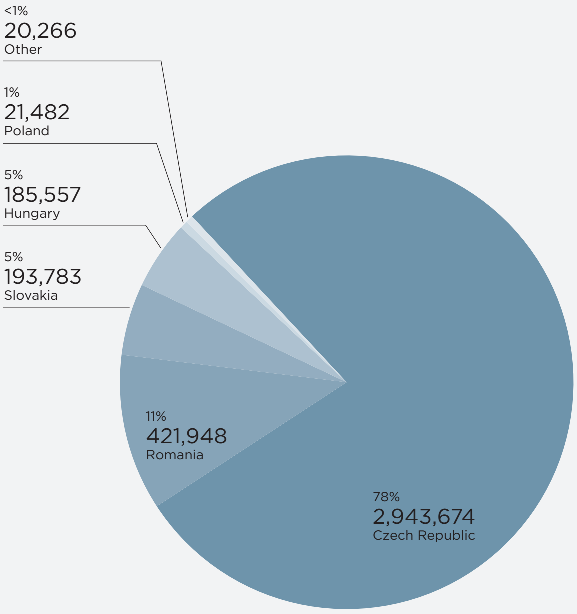
[1] Figure includes income from hotel operations
[2] Figure does not contain personnel expenses incurred by hotel operations
[3] Figure includes Investment Property under Development



GROSS REVENUES
(In EUR thousand)
Revenues, primarily generated by rental income from our core industrial portfolio, were augmented by increased revenue from our premium office developments, growing service charges, and hotel operations.

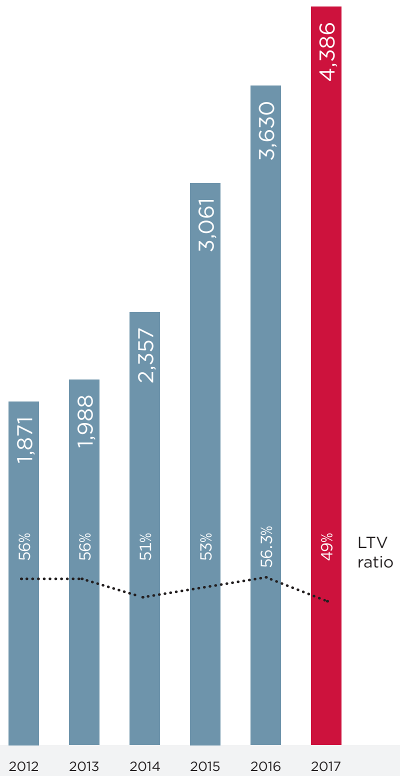


GROSS REVENUES BY COUNTRY
(In EUR thousand)
While the majority of our portfolio is located in the Czech Republic, our Romanian operations contributed 11% to revenues in 2017, up from 9% in 2016.



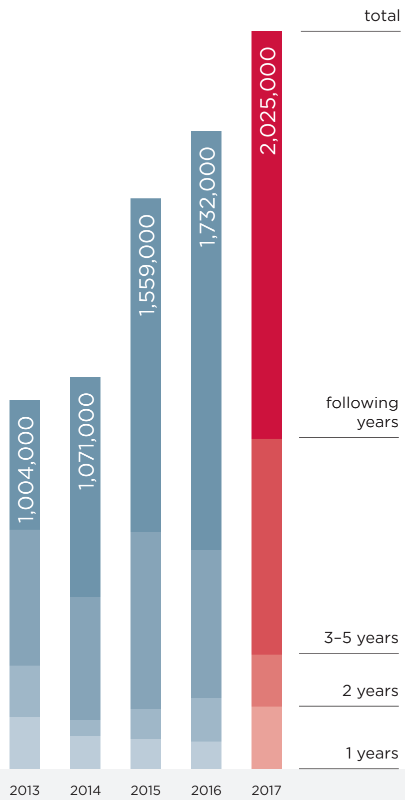
MARKET VALUE OF PORTFOLIO BY COUNTRY
(In EUR thousand)
The valuation of our properties is proportionate to the rental income breakdown, and is underpinned by the quality and age of the buildings as well as WAULT.

DURING THE YEAR WE INCREASED THE NUMBER OF OUR FINANCING PARTNERS WHILE STRENGTHENING OUR LONG-TERM RELATIONSHIPS WITH THE REGION'S LEADING LENDERS.

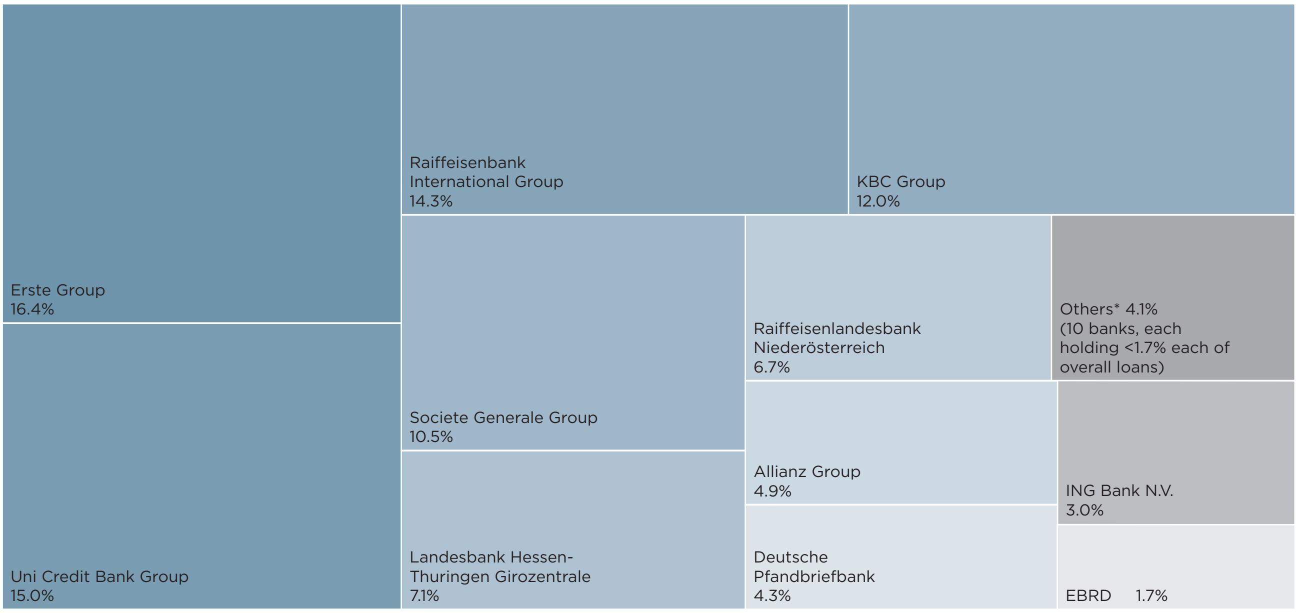


TOTAL ASSET VALUE
(In EUR million)

LOAN TO VALUE RATIO
(In %)
Due to strong valuation results, total asset value increased over 20%, which, combined with aggressive refinancing and strong financial management, enabled CTP to reduce its LTV ratio below historic trends.



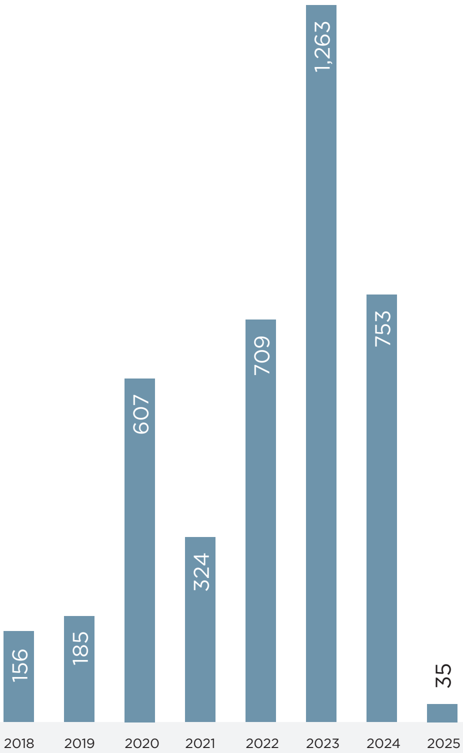
LOAN GROWTH & MATURITY
(In EUR thousand)
In 2017, in order to finance expansion across the portfolio, CTP increased our financial liabilities by a reasonable 17%.



OVERVIEW OF OUTSTANDING LOANS

(In %)

In 2017, we continued to seek new financing partners for our projects and increased the number of financial institutions to 31. We refinanced nearly EUR 540 million during the year, primarily with the parent companies of local banks, allowing the local subsidiaries to finance new projects.



RESIDUAL MATURITY OF BANK LOAN FINANCING

(In EUR million)

In 2017, CTP refinanced loans worth EUR 540 million, generating over EUR 80 million in free cash flow. In addition, we negotiated better terms, extended the maturity of outstanding loans and reduced our short-term repayment obligations.

Q1

- CTP invests EUR 3 million to reduce energy consumption at CTPark Bucharest West (RO)
- CTP completes 55,000 m² of new construction
- CTP breaks ground on its first CTPark in Poland
- CTP builds 400 m² extension for a municipal kindegarten in Voderady (SK)
- CTP signs new and renegotiated leases covering 163,000 m² of space
- NOD signs for 30,000 m² at CTPark Bucharest West (RO)
- Lear signs for 15,000 m² at CTPark Voderady (SK)
- URSUS Breweries signs for 14,000 m² at CTPark Timişoara II (RO)
- Makro signs for 53,000 m² at CTPark Prague North (CZ)

Q2

- CTP completes three acquisitions in three countries totaling 123,000 m² of lettable area: 61,000 m² in Hungary, 40,000 m² in the Czech Republic, and 22,000 m² in Romania
- CTP completes construction of 39,000 m² of new lettable area
- Helaba, PBB, Deutsche Pfandbriefbank and CTP Invest agree on a EUR 177 million loan facility
- CTP divests of two non-core properties, Benesovska (CZ) and Westend Tower (SK), raising EUR 18 million
- CTP signs leases covering 342,000 m² across the portfolio, nearly 190,000 m² of which is new development
- CTP agrees with Mattel for 65,800 m² of new space at CTPark Cheb (CZ); 42,000 m² with DSV at CTPark Bucharest West (RO); and for 20,500 m² of new space with Arctic at CTPark Piteşti (RO)
- CTP launches first 'Art Wall' competition
- Yanfeng Automotive Interiors officially opens new production plant at CTPark Planá nad Lužnicí (CZ)
- Spielberk wins Business Property of the Year during 17th annual AFI-CzechInvest Investor and Business Property Competition
- Adler Pelzer Group opens production facility at CTPark Bratislava (SK)

Awards

CIJ AWARDS
Best Warehouse Development and Developer (RO): CTP
Best Leadership (RO): Ana Dumitrache
CIJ Best Warehouse Developer of the Year (CZ): CTP
Best Warehouse Development of the Year (CZ): CTPark Prague North

BEST OF REALTY AWARDS
Best Industrial and Storage Space (CZ): CTPark Planá nad Lužnicí

SEE REAL ESTATE AWARDS
Industrial Project of the Year (RO): CTPark Bucharest West
Warehouse Developer of the Year (RO): CTP

AFI-CZECHINVEST INVESTOR AND BUSINESS PROPERTY COMPETITION
Business Property of the Year (CZ): Spielberk

Q3

- CTP constructs over 95,000 m² of new space
- CTP acquires 130,000 m², including 55,000 m² of high-quality space at newly minted CTPark Komárom (HU)
- CTP completes its first own-development project in Poland; IAC moves into new 13,000 m² facility
- CTP agrees on a EUR 211 million financing package with Unicredit Bank
- CTP agrees with the EBRD/BCR a financing package of EUR 60 million for Romanian projects
- CTP completes divestment of three non-core assets in the Czech Republic and Germany, raising nearly EUR 27 million in cash
- CTP opens an innovative new student housing development, Domeq, at Ponāvka in Brno (CZ)
- Jakub Kodr joins the Czech Business Development team
- CTP finalises new and renegotiated lease agreements covering 283,000 m² of space
- NOD agrees for over 31,000 m² and Quehenberger for 19,500 m² of new space, both at CTPark Bucharest West (RO)
- C&A agrees with CTP for nearly 31,000 m² of new space at CTPark Trnava (SK)
- CTP invests over EUR 13 million to expand CTPark Timişoara (RO)
- David Huszlicska joins the Hungarian business development team

Q4

- CTP becomes partner of the Czech charity Tereza Maxová Foundation for two years
- CTP announces plan to grow by 1 milion m² per year between 2018–2020
- 160 million refinanced with ING/Allianz
- CTP acquires 83,000 m² at three sites: in Hungary, Slovakia and the Czech Republic
- CTP closes leases on 314,000 m² during the quarter, 170,000 m² of which will be new development
- CTP finishes the year with 677,000 m² under construction
- CTP acquires a logistics park in Romania, rebranded as CTPark Bucharest Chitila
- CTP employee headcount grew 23% y-o-y to 305 by the end of the year
- Total employment across the CTPark Network grew to approximately 60,000
- Robert Pitt joins CTP as COO
- Vladimír Müller is named as new Head of Planning and Permitting
- Grand opening of IAC plant at CTPark Opole (PL)
- CTP acquires Phoenix Logistics Center, adds 21,000 m² lettable area to CTPark Bucharest (RO)
- First Art Wall completed at CTPark Humpolec (CZ)

2018 WILL BE A TRANSITIONAL YEAR FOR CTP IN HOW IT EXECUTES ITS BUSINESS MODEL. WITH THE EXPECTED INCREASE IN LETTABLE AREA AND CONSTRUCTION ACTIVITY ACROSS MULTIPLE MARKETS, THE GROUP WILL NEED TO STANDARDISE PROCESSES AND STRUCTURES AND BECOME VERY DATA-DRIVEN. THE FOUNDATION FOR THIS WORK WAS BEGUN IN 2017.
CTP IS MOVING FROM BEING A CZECH DEVELOPER WITH ACTIVITIES IN OTHER MARKETS TOWARDS A REGIONAL DEVELOPER, WITH EACH MARKET CONTRIBUTING TO INNOVATION, DEVELOPMENT AND GROWTH.

IT

The group is currently engaged in rolling out three key platforms to enhance its operations:

AXAPTA (MICROSOFT DYNAMICS)

A platform to execute all budgeting, purchase orders and accounting across all CTP countries.

CTP had been using the Helios platform for its operations. As this platform is not supported in other CEE countries and in order to enhance functionality, the decision was made to implement Axapta across the group. This will create a unified and consolidated tool for the following:

- Planning of detailed and codified budgets for acquisitions and construction projects.
- Generating purchase orders from those budgets in a controlled manner; reconciliation with supplier invoices against those purchase orders.
- Control over OPEX and overhead budgets as well as CAPEX spends.
- Generation of KPI across data sets (parks, regions, country, group).
- Touch-of-a-button interim consolidation reports.

The benefits that will accrue to CTP include standardised reporting, insight into the cost base, control on spending and greater risk management.

TRIRIGA

Asset management tool to ensure CTP develops, manages and understands its portfolio.

CTP develops and leases a huge portfolio across many countries. Parts of that portfolio are at different stages of development, and as it continues to grow it will be crucial that CTP can make informed decisions about how to maximise potential and returns. The functionality that Tririga delivers across the group will include:

- Web-based service desk for tenants that will log, monitor and analyse all tenant queries. This will provide a data set to inform CTP about how well its buildings function, and feedback into not just how it maintains but also how it designs and builds.
- Activity reports for CTP's facility and property management teams, allowing data-based decisions on where resources are well deployed.
- Virtual mapping of the asset base of CTP from land bank to standing portfolio, with key information on where CTP can invest and react to maximise returns.
- Eventual linking to Axapta, to flow from this into the control and monitoring of actual investment and returns.

DMS

Interactive archive with functionality to track documents, obligations, legal status of the portfolio and operations.

As the industry digitalises, CTP will move quickly to having not only a physical archive but will also establish a digital depository for all key information in the Group. In addition to a static physical archive, the DMS will offer interactivity, insight and risk management capability that will enhance CTP's operations. Following on from the work on Axapta and Tririga (and planned for wider rollout in 2019), the system will allow the following:

- Digital storage of legal contracts and their content in a searchable manner and in flexible taxonomy.
- Monitoring of CTP's obligations as per those contracts.
- Overview of permitting, title status on CTP's portfolio.
- Control and review of the signing of legal documents and the traceability of contract location and status.

The overall impact of this investment in IT will lead CTP to a position where it is fit and capable for the challenges presented by digitalisation. Operations across its finance, legal, business development, construction and property management teams will all be touched by these tools. The goal is to work smarter and more efficiently and to come forward with solutions where CTP is quicker to the market and with the best offer for its clients, using the data and insight from what has enabled its success so far.

PEOPLE
CTP is a company that is rapidly growing, and that growth is taking place across many markets. Therefore, the company is focused on having the best people in each of its markets. To that end, it has invested in strengthening its teams across the group. It will continue to do so.

CTP was once a very centralised company with a heavy reliance on expertise in the Czech Republic. Now, other markets are developing and growing their teams and are developing local leaders who understand the CTP model and implement it accordingly. As described above, the new IT tools ensure that there is the proper balance between being able to react locally and quickly, while still retaining control and discipline through centralised reporting and common tools.

The investment into each local team has varied according to the stage of market development. Larger markets such as Romania and Hungary have appointed their own CFOs and Construction Directors. They have also seen an increase in headcount, as finance is brought in-house and construction activity grows.

Markets such as Poland and Slovakia, which are at earlier stages of development, continue to leverage off Czech operations and maintain lean cost bases, but can flex up quickly to take advantage of market opportunity.

As with any growing company undergoing operational step-changes such as IT platforms, training is key. To support that, CTP has invested in a training roll-out to up-skill all employees in the CTP operational model and to understand the IT tools being introduced.

CTP's goal is to hire, develop and retain the best people in the industry across all its markets. It offers challenge, opportunity and reward. Despite the pace of growth and standardisation of how it operates, it is crucial that the Group retains the positive and entrepreneurial philosophy that has created its success so far. The people who are part of CTP and those who will join are vital to that goal.

ROBERT PITT
Chief Operating Officer

LEVERAGING SCALE
CTP has grown at a rapid pace over its history. Further expected growth offers opportunity to leverage not only its existing scale but also the ramped-up market presence it plans to have over the coming years. Success in that regard will deliver incremental benefit beyond a linear trajectory and accelerate the ability to grow.

The planned volume of activity means that CTP is already engaged in centralising its purchasing power across elements of its procurement activity where it makes sense. CTP has reached Group-wide commercial agreements for commodities such as cladding, mineral wool, dock levelers/doors and others. That brings the following benefits:

- Better commercial conditions – price, payment terms.
- Security of supply – reliable supply chain.
- Quality guarantee – CTP knows the specification of the materials used on its facilities and subsequent savings on maintenance.
- Access to innovation as CTP builds strong relationships with key suppliers.

In addition, CTP plans its pipeline of construction so that all elements from groundwork, frame and fit-out are tendered and awarded in a competitive, transparent and fair manner. By creating bundles and concentrating volumes, it creates a market presence that delivers value. The budgeting and pricing capability of Axapta will further enhance that.

CONTINUOUS IMPROVEMENT
The technical specification for CTP's facilities has developed over its history and will continue to do so. As digitalisation of all industries gathers pace, CTP recognises that it must keep abreast of such developments. There is also the onus on CTP to deliver parks that reflect the environmental concerns and priorities in today's world. Therefore, there is work on-going to move forward on the following;

- Retrofitting LED lighting into older buildings (such lighting is standard in new-builds).
- Improving the energy efficiency of CTP facilities with above-market standard roof and wall insulation. Use of BMS for intelligent and efficient energy consumption.
- Generous and well-maintained green areas with appropriate species of flora for the local environment.
- Through Tririga, eventual better understanding of each facility's performance and resolution where issues arise that contribute to poor energy performance.
- Low-impact development with proper investment into infrastructure and long-term traffic solutions.

OPERATIONAL RISKS

Description	Potential Impact	Mitigation Strategies
Projects under development	Inability to secure the required permits. Major delays resulting in the loss of potential income. Substantial overrun of investment budgets. In the event of speculative developments, long periods of vacancy. Failure to achieve the projected (higher) returns on developments.	Specialised in-house property development team and use of external consultants in order to hedge all risks. Strict monitoring of construction sites, including the implementation of penalty clauses in the event of non-compliance with contracts by third parties. Use of well-established contractors with good solvency, who submit the required guarantees. Community engagement to maintain a constructive dialogue with local decision-makers. In normal circumstances, no speculative developments are initiated, which means projects are launched only if they are pre-let and fully financed and the required permits have been obtained.
Lease termination	Higher vacancy rates, assumption of costs that are typically recharged to the tenant (withholding tax and management costs) and commercial costs related to re-letting and/or downward adjustment of the rents. Decline in revenues and cash flows.	Specialised in-house teams responsible for commercial management and facility management. Very extensive network in the industrial property market in each country where we operate. Contractually required indemnity in the event of early termination of the lease. Preference for realistic rent levels and long-term contracts with tenants.
Vacancy	Higher vacancy rates, assumption of costs that are typically recharged to the tenant (withholding tax and management costs) and commercial costs related to re-letting. Decline in the fair value of the property, resulting in a lower NAV.	Proactive internal property management and marketing. High quality and versatility of the buildings, which increases reletting potential. Preference for realistic rent levels and long-term contracts with tenants, as reflected by the fact that 70% of leases which expired In the last five years were renewed by the then current tenants.
Negative variations in the MV of buildings	Negative change in LTV	Investment policy oriented to high-quality property at strategic locations with growth potential. Prudent, clearly defined management of financial obligations
Industry-specific risks	Loss of income if a specific industry is affected by an economic downturn	High variety of international tenants representing a wide range of industries
Maintenance and repair cost volatility	Decline in financial results and cash flows Unexpected fluctuations in financial results	Continuous inspection of the buildings by the facility managers and commercial teams in their day-to-day interaction with clients Stringent periodic maintenance policy that is managed within the company
Obsolescence and building quality	Obsolescence of the buildings, reducing their usability and rentability Loss of income and long period during which the invested capital does not generate a profit.	Regular update of investment plans for the portfolio, with the objective of maintaining the highest quality levels Ad-hoc redevelopment and renovation of obsolete properties in addition to regular investment in quality and sustainability
Unplanned destruction of buildings	Discontinuity in the use of the building Loss of rental income and possible client turnover	The insured value of the portfolio is based on the new value, i.e. the cost of restoring the building to its original state, including architects' fees and value-added tax Loss of rental income due to temporary full or partial vacancy is also insured
Concentration risk	Sharp decline in income and cash flows in the case of the departure of a tenant Decline in the MV of the propert	Highly diversified tenant base, of which the largest tenant accounts for less than 5% of rental income (over multiple sites) Furthermore, the largest tenants (8 of the top 10) are spread over several buildings, various countries and different activities High geographic diversificaion across approximately 60 sites, with the largest property representing less than 10% of the fair value of the portfolio
Tenant solvency	Decline in rental income due to a lower collection rate or a decline in occupancy Higher commercial costs due to reletting	Extensive tenant solvency check by external rating agencyies prior to inclusion in portfolio Contractual lease agreements with rent is payable in advance on a monthly, quarterly or annual basis. Standard rent deposit covering at least three months, and contractual break penalties

MARKET RISKS

Description	Potential Impact	Mitigation Strategies
Economic slowdown	Lower demand for industrial and/or office space Higher vacancy and/or lower rents when re-let. Reduction in the market value (MV) of the property Tenant bankruptcies & therefore broken lease contracts	Negotiate long lease terms Clients represent a diverse range of industries Contracts are concluded with parent company guarentees Quality of the tenant portfolio, comprising mainly large national and international companies and a limited annual provision for dubious debts (averaging less than .05% over the past 10 years). Excellent location of CTP properties, near major cities and transport arteries and in areas of high unemployment, and lower cost vis-à-vis western markets
Rental market deterioration	Rental income and cash flow affected due to higher vacancy rates Increased tenant defaults and recovery fees Lower MV of the property Higher client acquisition costs, lower pre-leasing of properties, and increased holding period of lower yielding landbank	Diversified client base mitigates exposure to a single tenant's fortunes; and a wide variety of tenants across major industries Activity across multiple markets mitigates exposure to local market downturns. Thorough market integration in the market thanks to years of experience; in-house business development and marketing teams High quality, young portfolio with high energy ratings Flexible & diverse property development solutions and in house sales, design and construction with ability to provide built-to-suit solutions
Investment market	Lower MV	Investment strategy aimed at high-quality buildings that generate stable, long-term income Prudent management of the LTV of our portfolio, making it possible to offset any potential decreases in the fair value of the property. CTP's current LTV rate of 56.3% is in line with historic trends Geographic diversification of the portfolio across all major CEE markets, with close ties to western Euoropean markets Large share of land in the valuation of the property portfolio, with lower residual price volatilty
Interest rate volatility	Negative impact on expenses and consequently on cash flow in the event of a rise in the interest rate. Sharp fluctuations in the value of the financial instruments that serve to hedge debt.	High degree of hedging against interest rate fluctuations (70% of debt is covered by fixed-interest financial debts) through derivative financial instruments (e.g. Interest Rate Swaps) Regular monitoring of interest rate movements and of their impact on the effectiveness of the hedges Fluctuations in the fair value of the hedging instruments represent a non-realised non-cash item (if these products are held until maturity and are not settled prematurely)
Deflation	Fall in rental income, due primarily to downward pressure on market rent levels and lower or negative indexation.	A majority of our lease contracts include a fixed indexation clause
Financial market volatility	Difficulty accessing financial markets in order to fund new developments Inability to refinance or rollover current financial obligations	Ongoing, transparent dialogue with financial counterparties Long-term relationships with banks Regular monitoring of risks that could negatively affect our financial partners

FINANCIAL RISKS

Description	Potential Impact	Mitigation Strategies
Counterparty risks	Loss of deposits	Diversification of financing sources among different banks.
Liquidity risk	Impossibility of financing acquisitions or new development (with shareholders' equity or debt) or at higher cost Non-availability of financing to repay interest and/or operating costs Higher cost of debt negativley impacts the financial results and cash flows	Conservative and prudent financing strategy with a balanced spread of maturity dates for debts maturing between 2018 and 2032, Diversification of financing from a large group of stable banking partners, in multiple countries, with whom longstanding banking relationships exist Maintenance of sufficient lines of credit to finance operating costs and planned investments Continuous dialogue with banking partners in order to build solid long-term relationships
FX risk	Loss from open FX position and unpredictable movements of currency values	Hedging of open FX position on the group level

REGULATORY AND OTHER RISKS

Description	Potential Impact	Mitigation Strategies
Changes to IFRS reporting policies	Potential impact on reporting, capital requirements, use of derivatives and organisation of the company.	Continuous assessment of changes to statutory requirements and compliance, assisted by specialised external consultants, and gathering of advice from industry organisations
Transaction complexity	Assuming certain inaccurately assessed risks, negatively impacting the financial results	Own and third-party due diligence on property, economic, tax, legal, accounting and administration matters
Regulatory changes	Negative impact of business, financial results, profitability and good name of the company	Constant monitoring of existing and future legislation, regulations and requirements in coordination with external experts

Risk is inherent in any business undertaking, and this list aims to identifiy and describe the strategies we apply to mitigate those risks which we deem consequential to our operations and financial results. This list should not be taken as complete or exhaustive. CTP's risk management policies integrate both ad-hoc and regular assessment schedules.

CTP'S INDUSTRIAL PORTFOLIO IS CENTERED ON OUR CORE BUSINESS—THE CTPARK NETWORK—THE LARGEST INTEGRATED SYSTEM OF PREMIUM BUSINESS PARKS IN CEE. WITH OVER 95 LOCATIONS AND SUFFICIENT LAND BANK AVAILABLE, THE CTPARK NETWORK ENABLES OUR CLIENTS TO COVER THE WHOLE REGION. TO MEET THE REQUIREMENTS OF MAJOR INDUSTRIES, CTP HAS DEVELOPED FIVE BESPOKE BUILDING TYPES RANGING IN SIZE AND FUNCTIONALITY TO SUPPORT DIVERSE BUSINESS ACTIVITIES, INCLUDING HIGH-TECH MANUFACTURING, SUPPLY-CHAIN AND DISTRIBUTION CENTRES, ADVANCED R&D AND BACK-OFFICE OPERATIONS. THE IN-HOUSE CTP PLATFORM PROVIDES FOR THE FINANCING, DESIGN AND CONSTRUCTION OF CUSTOM-BUILT INDUSTRIAL PROPERTIES AND INTERIOR FIT-OUTS, INCLUDING SOPHISTICATED PRODUCTION LINES, CLEAN ROOMS AND LABORATORIES, AND COMPLEX BUILDING MANAGEMENT SYSTEMS.

1. CTBOX

450—800 m²

CTBox facilities are specifically designed to support smaller-scale and location-specific operations and feature the three-in-one functionality of retail, warehousing or light manufacturing, and office facilities under one roof. This flexibility supports a range of activities, including light industrial, wholesale and retail operations, service and customer support centres, and local and last-mile e-commerce warehousing and distribution centres. CTBox units are available at select CTPark locations, particularly at locations near city centres. Additionally, CTBox units are available as part of the unique office and mixed-used development at Ponāvka, in Brno.

2. CTFLEX

1,150—3,000 m²

CTFlex buildings are medium-scale, multi-purpose facilities pre-built throughout CEE to support diverse business activities, including high-tech manufacturing, logistics and R&D. Flexible building design and partition walls enable tenants to locate multiple operations, including manufacturing, storage, lab and office functions, in one efficient unit. CTP maintains an appropriate level of available stock in strategic locations to meet the needs of clients seeking rapid expansion. We routinely custom-fit and improve CTFlex facilities for new tenants, thus maximising asset value. CTFlex buildings are often used by clients as a first-step solution while a custom-built property is being developed. CTFlex buildings can also be adapted to meet the changing business requirements of clients.

3. CTSPACE

From 3,000 m²

CTP builds and maintains high-quality, modern warehouses to accommodate the storage, distribution and supply-chain needs of global business. We ensure that an appropriate level of pre-built CTSpace stock is available in strategic locations to accomodate clients that require immediate market entry. We often deliver purpose-designed and purpose-built automated warehousing systems as part of CTSpace facilities to support our clients' increasingly sophisticated supply-chain, logistics and delivery operations. CTSpace facilities are available throughout the CTPark Network and are concentrated in geographic areas that best support cross-border business.

4. CTOFFICE

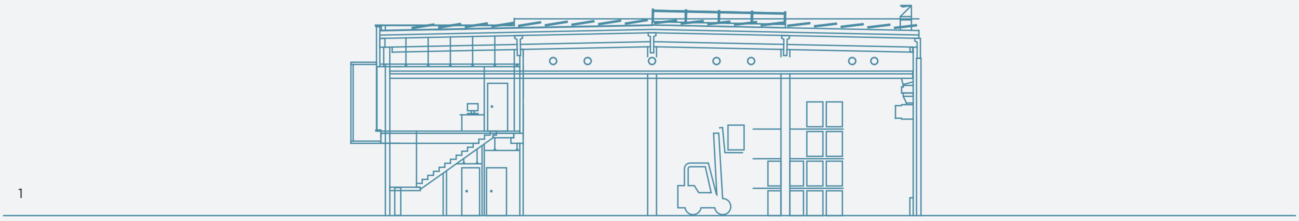
From 195 m²

CTOffice buildings are modern, A-class and cost-effective offices designed to support a range of activities. While typically located as part of a larger CTPark location, CTOffices are built to the same standards as CTP's stand-alone office park developments and include on-site amenities and landscaped gardens, which create a focal point for the CTPark development. CTOffices are available at select locations within the CTPark Network, and all are connected by on-site public transportation to nearby city centres. Activities carried out at CTOffice facilities range from call centres and customer support and billing to R&D labs and regional headquarters for industrial operations. CTOffice buildings can be custom-built to meet specific client requirements.

5. CTFIT

From 5,000 m²

CTP specialises in custom-built properties and fit-outs to meet the most demanding, industry-specific requirements. CTFit properties are typically high-tech manufacturing centres, state-of-the-art R&D laboratories, sophisticated distribution hubs, and premium office properties for companies moving operations to the CEE—both first-time investors and existing CTP clients who are consolidating or expanding operations to new, purpose-built facilities.



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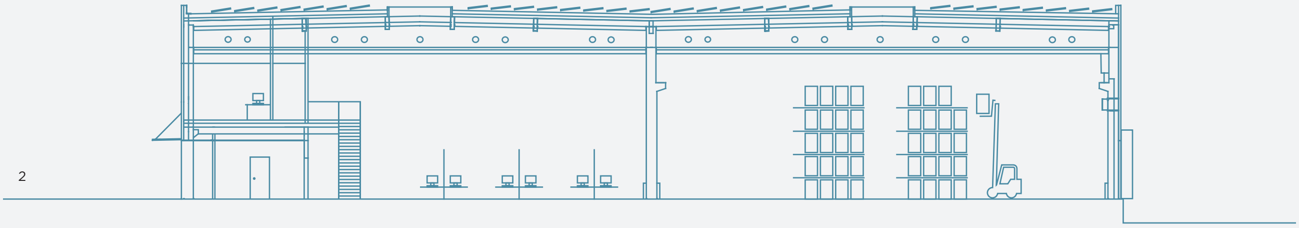

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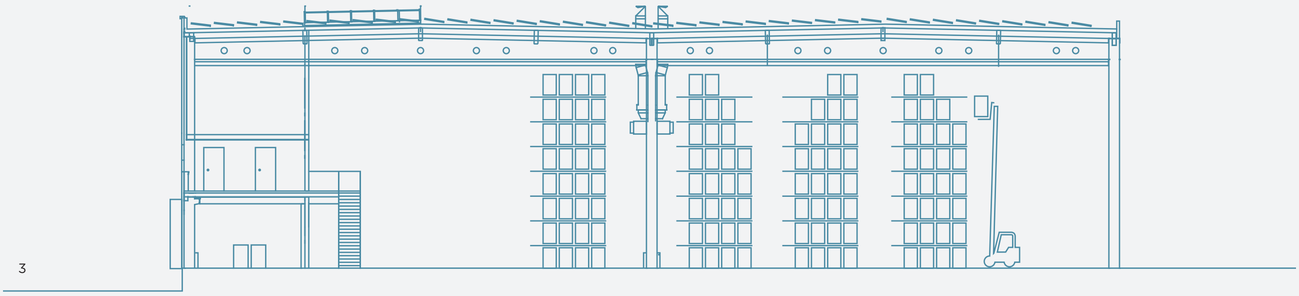

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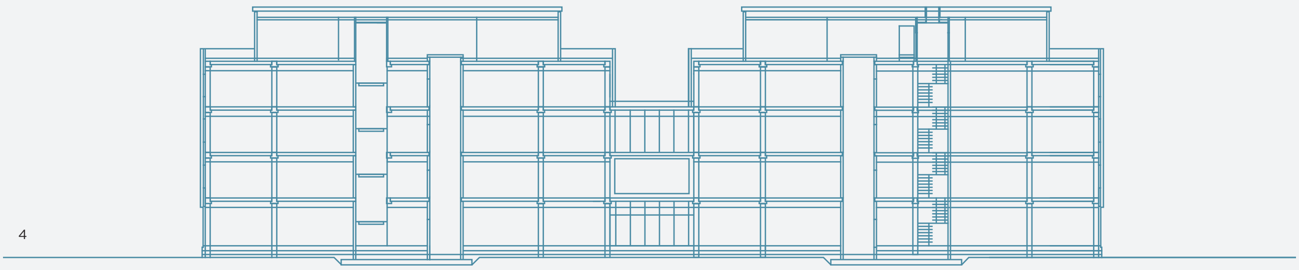

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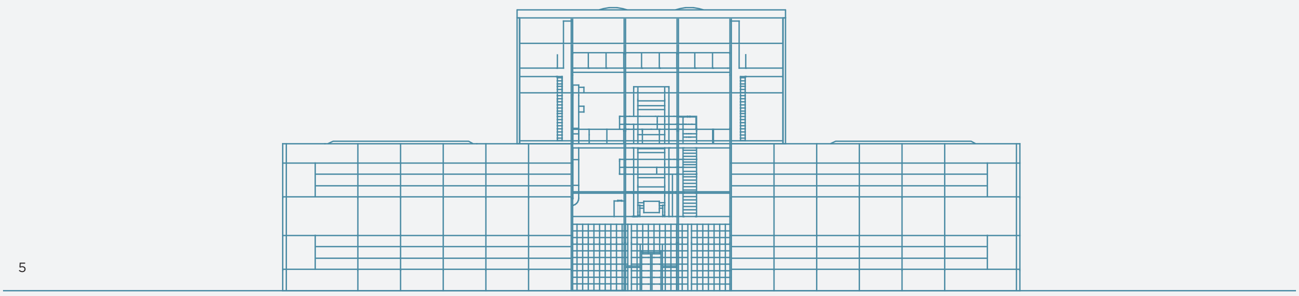

5

95

AS AT-END 2017, CTP'S BALANCED PORTFOLIO OF 95 INDUSTRIAL AND OFFICE PROPERTIES COMPRISED 4.5 MILLION M² OF PREMIUM SPACE FOR LEASE THROUGHOUT EIGHT CENTRAL EUROPEAN COUNTRIES.

CZECH REPUBLIC

Parks: 54

MV: EUR 2,944 mil

TLA: 2.95 mil m²

Aš
Blatnice
Blučina
Bor
Brno
Brno South
Cerhovice
České Budějovice
Česká Lípa
České Velenice
Cheb
Divišov
Europort
Hlubočky
Holubice
Hranice
Hrušky
Humpolec
Humpolec II
IQ Ostrava
Jihlava
Kadaň
Karviná
Kralupy nad Vltavou
Kutná Hora
Kvasiny
Liberec
Lipník nad Bečvou
Louny
Lysá nad Labem
Mladá Boleslav I
Mladá Boleslav II
Modřice
Most
Nošovice
Nový Jičín
Okřišky
Ostrava
Pardubice II
Planá nad Lužnicí
Plzeň
Podbořany
Pohořelice
Ponávka
Prague Airport
Prague East
Prague North
Prague West
Přeštice
Spielberk
Stříbro
Teplice
Teplice II
Teplice III
Týniště nad Orlicí
Ústí nad Labem
Vlněna
Zákupy
Žatec
Žatec II

ROMANIA

Parks: 16

MV: EUR 421.9 mil

TLA: 695,730 m²

Arad
Arad II
Bucharest
Bucharest Chitila
Bucharest West
Cluj
Cluj II
Deva
Deva II
Ineu
Pitești
Salonta
Sibiu
Timișoara
Timișoara II
Turda

HUNGARY

Parks: 9

MV: EUR 185.6 mil

TLA: 400,859 m²

Arrabona
Budapest East
Budapest South
Budapest West
Győr
Komárom
Mór
Tatabánya
Székesfehérvár

SLOVAKIA

Parks: 7

MV: EUR 193.8 mil

TLA: 248,892 m²

Bratislava
Krásno nad Kysucou
Nitra
Prešov
Trnava
Voderady
Žilina

POLAND

Parks: 6

MV: EUR 21.5 mil

TLA: 28,931 m²

Gdańsk
Iłowa
Katowice
Łódź
Opole
Wrocław

UKRAINE

Parks: 1

MV: EUR 1.6 mil

TLA: 0 m²

Lviv

SLOVENIA

Parks: 1

MV: EUR 1.5 mil

TLA: 0 m²

Ljubljana Airport

SERBIA

Parks: 1

MV: N/A

TLA: 0 m²

Šimanovci


LATVIA
LITHUANIA
BELARUS
POLAND
GERMANY
CZECH
REPUBLIC
UKRAINE
SLOVAKIA
AUSTRIA
HUNGARY
ITALY
SLOVENIA
CROATIA
ROMANIA
BOSNIA
AND
HERZEG.
SERBIA

CTP GROUP

The CTP group provides full-service property development and asset management via two privately held business entities: CTP Invest, spol. s r.o. (Czech Republic) and CTP Property N.V. (Netherlands). This corporate structure provides a balance between operational risk and long-term financial stability.

CTP INVEST, SPOL. S R.O.
Central Trade Park D1 1571
Humpolec
Czech Republic

Full-service property development company. Unique among its competitors in Central Europe, CTP is a vertically integrated business with dedicated in-house teams focused on core capabilities. These include all development and construction activities from concept to completion, in-house legal and permitting teams, full-service property management and client after-care. Upon project completion, the properties are transferred to the ownership of CTP Property as part of fund management. CTP Invest continues to provide full-service property and asset management, as well as tenant after-care services following transfer of ownership to CTP Property.

CTP PROPERTY N.V.
Luna ArenA, Herikerbergweg 238
1101 CM Amsterdam Zuidoost
The Netherlands

Property fund manager with a standing portfolio of over 200 properties financed by different banks. The principal activity of the company and its subsidiaries is the lease and management of investment property in the Czech Republic and elsewhere in Central Europe. CTP Property holds all operating lease agreements and receivables from leasing and asset management. Company subsidiaries each have a sub-portfolio of assets and financial partners.

CTP GROUP

CTP INVEST, SPOL. S R.O.
(Czech Republic)

Property Development
- Design
- Construction
- Asset Management

CTP PROPERTY N.V.
(Netherlands)

Property Fund Management
- Asset Ownership

Remon Vos
CEO

Robert Pitt
COO

- **Finance**
  - Accounting, Tax, Controlling
  - Portfolio Finance, Bank Relationships
  - Mergers & Acquisitions
- **Business Development & Marketing**
  - Business Development & International
- **Project Management**
  - Czech Republic
  - Slovakia
  - Poland
  - Romania
  - Hungary
- **Construction Planning, Purchase & Design**
- **Legal**
- **Property Management & Maintenance**
- **Management Support**
- **IT**

CTP Invest and CTP Property are privately held and majority owned by the same shareholders and operate as in a group structure. The financial annual report presents combined, proforma financial results based on separate IFRS audits of CTP Invest and CTP Property, and of their respective subsidiaries.
For more detailed information about CTP group structure and its subsidiaries, see page 70.

Deloitte.

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Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT
To the Members of CTP Invest, spol. s r.o.

Having its registered office at: Central Trade Park D1 1571, 396 01 Humpolec, Czech Republic

We have reviewed the accompanying combined financial statements of CTP Property N.V. and CTP Invest, spol. s r.o. (the "Group"), which comprise the combined statement of financial position as at 31 December 2017, the combined statement of comprehensive income, the combined statement of changes in equity and combined statement of cash flows for the year then ended, and notes to the combined financial statements, including a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements compiled on the basis stated in Note 3, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these combined financial statements do not give a true and fair view of the financial position as at 31 December 2017, and of its financial performance and cash flows for the year then ended, in conformity with the compilation basis as stated in Note 3.

In Prague on 25 June 2018

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

David Batal
registration no. 2147

Combined pro-forma statement of comprehensive income

For the year ended 31 December

In EUR thousand	Note	2017	2016
Rental income	7	208,260	182,705
Service charge income	7	14,049	12,325
Property operating expenses	8	-15,221	-13,371
Net rental income		**207,088**	**181,659**
Hotel operating revenue	9	14,978	9,772
Hotel operating expenses	9	-10,564	-6,961
Net operating income from hotel operations		**4,414**	**2,811**
Income from development activities	10	16,550	5,194
Expenses from development activities	10	-12,550	-4,108
Net income from development activities		**4,000**	**1,086**
Valuation gains on investment property	17	407,417	296,326
Valuation losses on investment property	17	-78,889	-35,491
Net valuation result on investment property		**328,528**	**260,835**
Other income	11	3,794	9,170
Amortization and depreciation		-5,418	-3,996
Other expenses (including administrative expenses)	12	-33,309	-29,766
Net other income/expenses		**-34,933**	**-24,592**
Net profit/loss before finance costs		**509,097**	**421,799**
Interest income	13	1,323	890
Interest expense	13	-44,426	-38,556
Other financial expenses	13	-6,587	-6,441
Other financial gains/losses	13	-178	6,474
Net finance costs		**-49,868**	**-37,633**
Profit/loss before income tax		**459,229**	**384,166**
Income tax expense	14	-109,410	-73,369
Profit for the period attributable to equity holders of the Company		**349,819**	**310,797**
OTHER COMPREHENSIVE INCOME			
Revaluation reserve		238	277
Foreign currency translation differences		9,445	-844
Total comprehensive income for the year attributable to equity holders of the Company		**359,502**	**310,230**

The notes on pages 34 to 69 are an integral part of this combined pro-forma financial information.

Combined pro-forma statement of financial position

As at 31 December

In EUR thousand	Note	2017	2016
ASSETS			
Investment property	15	3,786,710	3,156,036
Investment property under development	16	310,089	226,070
Property, plant and equipment	18	33,858	23,406
Trade and other receivables	19	3,314	--
Financial derivatives	25	2,509	608
Receivables from related parties	28	22,014	35,943
Deferred tax assets	26	7,656	8,091
Total non-current assets		**4,166,150**	**3,450,154**
Trade and other receivables	19	72,594	54,083
Short-term receivables due from related parties	28	586	64
Financial derivatives	25	1,350	--
Cash and cash equivalents	20	59,313	64,417
Assets held for sale	21	85,967	59,540
Total current assets		**219,810**	**178,104**
Total assets		**4,385,960**	**3,628,258**
EQUITY			
Issued capital	22	86,419	86,419
Translation reserve	22	3,755	-5,690
Reserves	22	619,529	619,529
Retained earnings	22	666,012	412,829
Revaluation reserve	22	10,587	10,349
Net result for the year	22	349,819	310,797
Total equity attributable to parent		**1,736,121**	**1,434,233**
Non-controlling interest		**--**	**--**
Total equity attributable to parent		**1,736,121**	**1,434,233**
LIABILITIES			
Interest-bearing loans and borrowings from financial institutions	23	1,887,788	1,649,085
Trade and other payables	24	8,846	9,747
Long-term payables to related parties	28	34,269	12,745
Financial derivatives	25	7,472	25,036
Provisions		14	--
Deferred tax liabilities	26	381,832	303,885
Total non-current liabilities		**2,320,221**	**2,000,498**
Interest-bearing loans and borrowings from financial institutions	23	136,958	82,461
Trade and other payables	24	146,669	68,944
Short-term payables to related parties	28	753	67
Financial derivatives	25	2,870	1,333
Provisions		3,640	2,828
Liabilities associated with disposal group held for sale	21	38,728	37,894
Total current liabilities		**329,618**	**193,527**
Total liabilities		**2,649,839**	**2,194,025**
Total (invested) equity and liabilities		**4,385,960**	**3,628,258**

The notes on pages 34 to 69 are an integral part of this combined pro-forma financial information.

Combined pro-forma statement of changes in equity

In EUR thousand	Issued capital	Translation reserve	Reserves	Revaluation reserve	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2016	**388,133**	**-4,847**	**626,888**	**10,072**	**-113,434**	**217,215**	**1,124,027**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
Profit for period	--	--	--	--	--	310,797	310,797
OTHER COMPREHENSIVE INCOME							
Revaluation of Plant and equipment	--	--	--	277	--	--	277
Foreign currency translation differences	--	-843	--	--	--	--	-843
Total comprehensive income for the period	**--**	**-843**	**--**	**277**	**--**	**310,797**	**310,231**
OTHER MOVEMENTS							
Transfer of profit 2015	--	--	--	--	217,215	-217,215	--
Decrease of issued capital and reserves	-301,714	--	-7,359	--	309,048	--	--
Total other movements	**-301,714**	**--**	**-7,359**	**--**	**526,263**	**-217,215**	**--**
Balance at 31 December 2016	**86,419**	**-5,690**	**619,529**	**10,349**	**412,829**	**310,797**	**1,434,233**
Balance at 1 January 2017	**86,419**	**-5,690**	**619,529**	**10,349**	**412,829**	**310,797**	**1,434,233**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD							
Profit for period	--	--	--	--	--	349,819	349,819
OTHER COMPREHENSIVE INCOME							
Revaluation of Plant and equipment	--	--	--	238	--	--	238
Foreign currency translation differences	--	9,445	--	--	--	--	9,445
Total comprehensive income for the period	**--**	**9,445**	**--**	**238**	**--**	**349,819**	**359,502**
OTHER MOVEMENTS							
Transfer of profit 2016	--	--	--	--	310,797	-310,797	--
Common Control transactions	--	--	--	--	-504	--	-504
Paid dividends	--	--	--	--	-57,110	--	-57,110
Total other movements	**--**	**--**	**--**	**--**	**253,183**	**-310,797**	**-57,614**
Balance at 31 December 2017	**86,419**	**3,755**	**619,529**	**10,587**	**666,012**	**349,819**	**1,736,121**

The notes on pages 34 to 69 are an integral part of this combined pro-forma financial information.

Combined pro-forma statement of cash flows

For the year ended 31 December

In EUR thousand	2017	2016
OPERATING ACTIVITIES		
Result for the year	349,819	310,797
Change in value of investment property	-328,528	-245,958
Depreciation	4,534	4,096
Net interest expense and expenses from derivatives	45,000	52,450
Other changes	5,091	4,742
Income tax benefit/expense	109,410	73,369
Operating profit before changes in working capital	**185,326**	**199,496**
Decrease/(increase) in trade and other receivables	-35,679	-33,992
Increase/(decrease) in trade and other payables	79,895	-40,976
Decrease/increase in inventory	--	245
Changes in net working capital	**44,216**	**-74,723**
Interest paid	-47,675	-41,964
Interest received	2,677	2,978
Income taxes paid	-11,124	-8,676
Cash flows from operating activities	**173,420**	**77,111**
INVESTMENT ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-14,723	-38,063
Proceeds from disposal of subsidiaries, net of cash disposed	23,481	--
Acquisition of property, plant and equipment	-14,700	-16,905
Acquisition of investment property	-62,278	--
Proceeds from disposal of investment property	14,680	--
Development of investment property	-387,812	-173,865
Cash flows used in investing activities	**-441,352**	**-228,833**
FINANCING ACTIVITIES		
Repayment of borrowings	-528,446	-846,437
Loan and borrowings granted to related companies	-21,657	--
Proceeds from interest-bearing loans and borrowings	828,944	1,019,269
Transaction costs related to loans and borrowings	-10,999	--
Cash flows from/used in financing activities	**267,842**	**172,832**
Cash and cash equivalents at 1 January	64,417	43,307
Net increase in cash and cash equivalents	-90	21,110
Less: Cash and cash equivalents reclassified to asset held for sale	-5,014	--
Cash and cash equivalents at 31 December	**59,313**	**64,417**

The notes on pages 34 to 69 are an integral part of this combined pro-forma financial information.

Notes to the combined pro-forma financial information

1. GENERAL INFORMATION

The CTP Group (hereinafter referred to as "CTP") is a Dutch based real estate developer developing and leasing a portfolio of properties (primarily) in the Czech Republic. CTP comprises of the following sub-groups (hereinafter referred to as "the Sub-groups") that prepare their separate audited consolidated financial statements prepared in accordance with International Financial Reporting Standards and the interpretations adopted by the International Accounting Standards Board (IASB) as adopted by the European Union (hereinafter referred to as "IFRS"):

(a) CTP Property N.V. domiciled in the Netherlands (hereinafter referred to as "the Sub-group CTP Property") and
(b) CTP Invest, spol. s r.o. domiciled in the Czech Republic (hereinafter referred to as "the Sub-group CTP Invest")

The Sub-groups do not constitute a legal group; however, the Sub-groups were during 2016 and 2017 under the common control of their majority shareholders (hereinafter referred to as "the Majority Shareholders"):

(a) Multivest B.V. (the Netherlands) and
(b) Finspel B.V. (the Netherlands)

Therefore, CTP has prepared this pro-forma combined financial information that is a combination of the Sub-groups' separate audited IFRS consolidated financial statements. The pro-forma financial information has been compiled for illustrative purposes, to provide information about the combined operations of the Sub-groups as at and for the year ending 31 December 2017.

For the structure of CTP as at 31 December 2017 see note 26 and Appendix 1.

Sub-group CTP Property

Principal activities:
The principal operation of the Sub-group CTP Property is the lease of investment property in the Czech Republic, Slovakia, Germany, Romania and since 2017 newly also in Poland. The Sub-group CTP Property leases property to its tenants under operating leases. As at 31 December 2017, the investment property portfolio is held directly by the Sub-group CTP Property.

Registered office:
Luna ArenA, Herikerbergweg 238
1101 CM Amsterdam Zuidoost
The Netherlands

The operating headquarters of the Czech Property holding companies of the Sub-group CTP Property are located at Central Trade Park D1 1571, 396 01, Humpolec, Czech Republic.
Registration number: 02098310

CTP Property N.V. was incorporated on 2 April 2007, for an unlimited period of time.

Shareholders as at 31 December 2017:

Shareholder	Thousands of shares	Share in registered capital	Share in voting rights
Multivest B.V.	59,500	48.0%	48.0%
Finspel B.V.	59,500	48.0%	48.0%
CTP Partners N.V.	5,000	4.0%	4.0%
	124,000	**100.0%**	**100.0%**

On 18 September 2015 both Multivest B.V. and Finspel B.V. acquired each 50% of the 1,240 thousand shares, i.e. 620 thousand shares from Erste Group International Immorent Holding GmbH.

Management as at 31 December 2017:
Directors: Remon Leonard Vos
Jan Gijsbertus Koop

Sub-group CTP Invest

The principal activity of the Sub-group CTP Invest is the development of investment property.

CTP Invest, spol. s r.o. is a company domiciled in the Czech Republic.
The registered office is located at Humpolec, Central Trade Park D1 1571, 396 01.

Registration number: 261 66 453

CTP Invest, spol. s r.o. was incorporated on 3 April 2000, for an unlimited period of time.

Shareholders as at 31 December 2017 and 31 December 2016 were:

Shareholder	Share in registered capital 31 December 2017	Share in registered capital 31 December 2016
Multivest B.V.	49.99%	49.99%
Finspel B.V.	49.99%	49.99%
Multifin B.V.	0.02%	0.02%
	100.0%	**100.0%**

Management as at 31 December 2017:
Director: Remon Leonard Vos
Director: Radek Zeman

On 28 February 2018 Mr. Zeman resigned from the position of Director and
Mr. Robert T. Pitt was appointed as a new Director since 1 March 2018.

2. GOING CONCERN

CTP's properties are let to a wide range of tenants and there is no significant focus on any one particular group or company. CTP closely monitors the financial stability of its tenants and believes that its rental projections for the coming 12 months are realistic in the light of the current economic climate.

CTP expects to settle its current liabilities as at 31 December 2017 during 2018 as follows:

In EUR thousand	
Current liabilities as at 31 December 2017	**-329,618**
Current assets excluding cash and cash equivalents as at 31 December 2017	**160,497**
Funds required in 2018 to cover the short-term liquidity gap	-169,121
Available cash as at 31 December 2017	59,313
Expected funds to be received in 2018 from operating activities	86,619
Expected funds to be received in 2018 from existing loan agreements	147,645
Interest-bearing loans and borrowings from financial institutions to be renegotiated to a long-term basis	74,926
Recurring overdraft	4,054
Expected funds to be received in 2018 to cover the short-term liquidity gap	**372,557**

The management is convinced of rightly using the going concern assumption based on the CTP's projected cash flows for the next 12 months.

Some of the Group's borrowings have loan to value covenants which are surveyed by the Group and its financial institutions on a regular basis. In general the Group is in close contact with its financial institutions to immediately solve any possible issues.

3. BASIS OF COMBINATION

The pro-forma combined financial information is prepared by aggregating the separate audited IFRS consolidated financial statements of the Sub-groups. The Sub-groups, that did not constitute a legal group at the date of the balance sheet, were combined in one set of financial information by adding together their assets, liabilities, equity accounts as well as income and expenses.

The following adaptations were carried out to the aggregation of the separate audited IFRS financial statements in order to establish the pro-forma financial information:

1. Necessary reclassifications were carried out.
2. Inter-group transactions and any unrealised results from inter-group transactions were eliminated.
3. Impairment of eliminated inter-group receivables was adjusted.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF THE SUB-GROUPS

A) STATEMENT OF COMPLIANCE

The consolidated financial statements of the Sub-groups have been prepared in accordance with International Financial Reporting Standards and the interpretations adopted by the International Accounting Standards Board (IASB) as adopted by the European Union ("IFRS").
The separate IFRS consolidated financial statements of the Sub-group CTP Property were authorized and approved for issue by the management on 26 April 2018.
The separate IFRS consolidated financial statements of the Sub-group CTP Invest were authorized and approved for issue by the management on 30 April 2018.

New and amended standards adopted by CTP in 2017
For the preparation of these consolidated financial statements, the following new or amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2017 (the list does not include new or amended standards and interpretations that affect first-time adopters of IFRS since they are not relevant to Group).

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Group.

- **Amendments to IAS 7 Statement of Cash Flows** – Disclosure initiative
  The amendments 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 preceeding periods.

- **Amendments to IAS 12 Income Taxes** – Recognition of Deferred Tax Assets for Unrealized 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. 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.

- Amendments to IAS 1
  The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
  - The materiality requirements in IAS 1
  - That specific line items in the statement(s) of profit or loss and Other comprehensive income (OCI) and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

New standards and interpretations not yet adopted
The following new standards, amendments to standards and interpretations are effective for the year beginning on or after 1 January 2018 and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt them early and those which may be relevant to the Group are stated below.

- **IFRS 9 Financial Instruments**
  The standard is effective for annual periods beginning on or after 1 January 2018.

  The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. It retains but simplifies the mixed measurement model and establishes the following 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. The significant change is 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.

The standard further 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 required but it is different to that currently prepared under IAS 39.

The Group will adopt the standard in the annual period beginning 1 January 2018 and will use the cumulative effect method. Under this method the Group will record the cumulative effect of initially applying the new standard as an adjustment to the opening balance of equity at the date of initial application. The comparative period amounts will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Group analyzed that that current hedge accounting relationships will meet the requirements of IFRS 9.

The Group does not expect the adoption of the new impairment model (including expected credit losses based on forward looking information) to have a material impact to the opening balance of equity at the initial date of application.

- **IFRS 15 Revenue from Contracts with Customers**
  The standard is effective for annual periods beginning on or after 1 January 2018.

  The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:
  - over time, in a manner that depicts the entity's performance; or
  - at a point in time, when control of the goods or services is transferred to the customer.

  IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

  The Group will adopt the standard in the annual period beginning 1 January 2018 and will use the cumulative effect method. Under this method the Group will record the cumulative effect of initially applying the new standard as an adjustment to the opening balance of equity at the date of initial application. The comparative period amounts will not be restated and will continue to be reported under the accounting standards in effect for that period.

  The Group analyzed the impact of IFRS 15 application on entities revenue streams and based on disclosure of comparable under both standards the Group does not expect the adoption of the new revenue standard to have a material impact neither to the opening balance of equity at the initial date.

- **IFRS 16 Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019.

  The new Standard brings significant change in accounting policies for lease contracts for lessees. Under new Standard lessee does not distinguish between finance and operating leases and almost all lease contracts (except for short-term leases) are recognised (related assets and liabilities) in the statement of financial position similarly as current finance lease contracts.

  The Group is currently assessing the impact of IFRS 16.

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration**
  This interpretation is effective for annual periods beginning on or after 1 January 2018.

  IFRIC 22 addresses foreign currency transactions or parts of transactions where:
  - there is consideration that is denominated or priced in a foreign currency;
  - the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - the prepayment asset or deferred income liability is non-monetary.

  The Interpretations Committee came to the following conclusion:
  - the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability;
  - if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

B) FUNCTIONAL AND PRESENTATION CURRENCY

Sub-group CTP Property

Items included in the financial statements of each of the Group´s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). In IFRS model of CTP Property are only companies in functional currency EUR.

Transactions in foreign currencies are translated into euros at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into euros at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euros at the foreign exchange rates ruling at the dates the fair values were determined.

Sub-group CTP Invest

In 2017 the Group operated in the Czech Republic, Slovakia, Poland, Hungary and Ukraine and considered the local currencies to be its functional currency.

Transactions in foreign currencies are translated to the functional currency of the Sub-group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

The Sub-group presentation currency is the euro (EUR). The Sub-group has selected a different presentation currency because the owners base their economic decisions on information expressed in EUR. All financial information presented in EUR has been rounded to the nearest thousand.

Assets and liabilities are translated into EUR at the foreign exchange rate applying at the reporting date. Revenues and expenses are translated into EUR at exchange rates approximating those at the date of the transactions. Foreign exchange differences arising on translation into the presentation currency are recognized as part of the translation reserve directly through other comprehensive income.

The following exchange rates were used during translations:

Date	Closing Exchange Rate CZK/EUR	Average Exchange Rate CZK/EUR for the year
31 December 2016	27.020	27.033
31 December 2017	25.540	26.330

Date	Closing Exchange Rate UAH/EUR	Average Exchange Rate UAH/EUR for the year
31 December 2016	28.423	28.312
31 December 2017	33.495	30.075

Date	Closing Exchange Rate HUF/EUR	Average Exchange Rate HUF/EUR for the year
31 December 2016	311.020	311.460
31 December 2017	310.140	309.210

Date	Closing Exchange Rate PLN/EUR	Average Exchange Rate PLN/EUR for the year
31 December 2016	4.424	4.363
31 December 2017	4.171	4.258

Date	Closing Exchange Rate RON/EUR	Average Exchange Rate RON/EUR for the year
31 December 2016	4.491	4.541
31 December 2017	4.660	4.568

C) BASIS OF MEASUREMENT

The separate IFRS consolidated financial statements of the Sub-groups are prepared on a historical cost basis, apart from investment property, investment property under development, solar plants and financial derivatives, which are stated at fair value.

D) USE OF ESTIMATES AND JUDGMENTS

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

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination here an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

In particular, information about significant areas of estimates uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial information are described in note 5b) Investment property and note 5c) Investment property under development.

E) MEASUREMENT OF FAIR VALUES

A number of the Sub-groups´ accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Sub-group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Sub-group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

F) COMBINED PRO-FORMA FINANCIAL INFORMATION

As the combined pro-forma financial information has been prepared by only aggregating the separate audited IFRS financial statements of the Sub-groups all the above statements apply to the pro-forma combined financial information as well.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in this pro-forma combined financial information and have been applied consistently by CTP entities.

Both the Sub-groups apply the same accounting policies when preparing their separate IFRS consolidated financial statements and consequently no adjustments due to aligning different accounting policies were necessary during the combination.

A) BASIS OF CONSOLIDATION

I Subsidiaries

Subsidiaries are entities controlled by the Sub-groups. Control exists when the Sub-group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the potential voting rights that are exercisable or convertible, are taken into account. The financial statements of subsidiaries are included in the separate IFRS financial statements of the Sub-groups from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Sub-groups.

II Acquisition of business from companies under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Business combinations arising from transfers of interest in entities that are under the joint control of the party that controls the Sub-groups are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented, the date the company was founded or, if later, at the date that common control was established.

The assets and liabilities acquired under common control are recognized at the carrying amounts recognized previously in the financial statements of the entities acquired. Any cash or equity paid for the acquisition is recognized directly in the equity. In the absence of more specific guidance, the Sub-groups consistently applied the book value method to account for all common control transactions.

III Goodwill

Business combinations, excluding those commenced between parties under common control, are accounted for by applying the acquisition method. Goodwill represents amounts arising upon the acquisition of subsidiaries. Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

In respect of business acquisitions on or after 1 January 2009, the Sub-groups measure goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

In respect of business acquisitions prior to 1 January 2009, goodwill represents the excess of the cost of the acquisition over the Sub-group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

When the excess is negative (bargain purchase), it is recognized immediately in the consolidated statement of comprehensive income.

IV Transactions eliminated on combination

Intra-group balances and any gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the separate IFRS consolidated financial statements of the Sub-groups.

Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Sub-group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

B) INVESTMENT PROPERTY

Investment properties are those which are held to earn rental income, for capital appreciation, or for both. Investment properties are stated at fair value. An external, independent valuator having appropriately recognized professional qualifications and recent experience in the location and category of property being valued, values the portfolio of investment property at least annually.

The independent valuation report was obtained as at 31 December 2017 and was incorporated into the separate IFRS consolidated financial statements of the Sub-groups. The fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties, and where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

In view of the nature of the properties and the bases of valuation, the valuator adopted the Income Approach based on the discounted cash flow technique for a 10-year period. The cash flow assumes a 10-year holding period with the exit value calculated on the 11th year income. The cash flow is based on the rents receivable under existing lease agreements until their expiry date and the expected rental value for the period remaining in the 10-year period, as applicable. The valuator has based his opinion of the Estimated Rental Value (ERV) on this.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting the lease commitments or likely to be in occupation after letting vacant accommodation and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices, and where appropriate counter notices, have been served validly and within the appropriate time.

The assumptions used by the independent valuator for the year ended 31 December 2017 were following:

YIELD	2017	2016
Initial yield	5.75% – 7.25%	5.95% – 8.30%
Exit yield		
Industrial premises	6.00% – 10.00%	6.25% – 7.75%
Office properties	6.25% – 8.50%	6.50% – 7.75%
Retail properties	7.50%	6.75% – 7.50%
Ongoing Vacancy	**0.00% – 5.00%**	**0.00% – 7.00%**

ERV PER SQM		
Industrial premises	2.75 – 6.00 EUR	3.50 – 5.50 EUR
Office properties	9.00 – 13.00 EUR	9.00 – 13.00 EUR
Retail properties	current rent	current rent

Any gain or loss arising from a change in fair value is recognized in the Consolidated statement of profit and loss and comprehensive income. Rental income from investment property is accounted for as described in note 5m).

The land on which the buildings are being constructed and qualifying as investment property upon construction completion is classified as investment property from the beginning and hence recorded at fair value.

The land bank comprises the land acquired under finance lease and the plots of land in CTP's ownership, on which development projects are to be carried out. The land bank has been valued by a registered independent valuator with an appropriately recognized professional qualification and with an up–to–date knowledge and understanding of the location and category of the property.

The valuator used the Sales Comparison Approach for the valuation of the land bank. This valuation method is most useful when a number of similar properties have recently been sold or are currently for sale in the subject property market. Using this approach a value indication by comparing the subject property to prices of similar properties is produced.

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

C) INVESTMENT PROPERTY UNDER DEVELOPMENT

Property that is being constructed or developed for future use as investment property, is classified as investment property under development and stated at fair value (including prepayments done for property and incl. land plots with a non-exercised purchase option) until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property. Any gain or loss arising on the measurement is recognised in the statement of comprehensive income.

The independent valuation report was obtained as at 31 December 2017 and was incorporated into the pro-forma combined financial information. Value of investment property was determined by external, independent property valuators, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value.

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

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

The assumptions used by the independent valuator for the year ended 31 December 2017 were following:

	2017	2016
Capitalisation rates	**5.75% – 8.25%**	**6.25% – 8.50%**
Ongoing Vacancy	**0.00% – 5.00%**	**0.00% – 5.00%**

ERV PER SQM		
Industrial premises	3.75 – 4.50 EUR	3.50 – 5.50 EUR
Office properties	8.00 – 13.50 EUR	8.90 – 12.25 EUR
Retail properties	13.50 EUR	12.25 EUR

The management judged the Fair Value estimated by the valuator for each property and assessed a percentage of this Fair Value in the financial information based upon the expected completion dates and anticipated risks within the business environment.

D) PROPERTY, PLANT AND EQUIPMENT

Solar plants which are completed and producing income are classified under Property, plant and equipment. These solar plants are stated at fair value. Any gain or loss arising on the measurement is recognised directly in the equity. An external, independent valuator having appropriately recognized professional qualifications and recent experience in the location and category of the solar plant being valued, values the portfolio of solar plants at least annually.

In view of the nature of the solar plants and the bases of valuation, the valuator adopted the Income Approach based on the discounted cash flow technique for a 20-year period. The cash flow is based on the income receivable under the license provided by the government. The valuator has based his opinion of the Fair Value (FV) on this.

Any gain or loss arising on re-measurement of the solar plants is treated as a revaluation under IAS 16, with any gain recorded as part of other comprehensive income, except to the extent that it reverses a previous impairment on the same property, in which case it is recorded in profit or loss. Any loss in respect of the revaluation is recorded into the profit and loss for the period.

Depreciation of the solar plants is recognized into profit or loss on a straight-line basis over the estimated useful life of 20 years.

All other buildings, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (note 5h). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate, where relevant, of the costs

of dismantling and removing building items and restoring the building site at which they are located, capitalised borrowing costs and an appropriate proportion of production overheads.

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain or loss arising on re-measurement is treated as a revaluation under IAS 16, with any gain recorded as part of other comprehensive income, except to the extent that it reverses a previous impairment on the same property, in which case it is recorded in profit or loss. Any loss in respect of the revaluation is recorded in to profit and loss for the period.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is recognized into profit or loss on a straight-line basis over the estimated useful life of the equipment. The estimated useful life for equipment varies between 3-8 years and for property and plant between 20-30 years.

The Sub-groups recognize in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred and it is probable that the future economic benefits embodied with the item will flow to the Sub-group and the cost of the item can be measured reliably. The carrying amount of the replace item is derecognised. All other costs are recognized in the statement of comprehensive income as incurred.

E) LEASED ASSETS

Leases in terms of which the Sub-groups assume substantially all the risks and rewards of ownership are classified as finance leases. Property held under finance leases and leased out under operating leases is classified as investment property and is stated at fair value as described in note 5b). Owner-occupied property acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

F) NON-DERIVATIVE FINANCIAL ASSETS

The Sub-groups initially recognise loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Sub-group becomes a party to the contractual provisions of the instrument.

The Sub-groups derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Sub-group is recognised as a separate asset or liability.

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

The Sub-groups have the following non-derivative financial assets: loans and receivables.

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

Loans and receivables comprise loans, trade and other receivables.

G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank accounts and call deposits that are repayable on demand and form an integral part of the Sub-group's cash management are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.

H) IMPAIRMENT

The carrying amounts of the Sub-group's assets, other than investment property, investment property under development and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In respect of goodwill, the recoverable amount is estimated at each reporting date.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognized in profit or loss. An impairment loss in respect of a Property, plant and equipment measured at fair value is not reversed through the income statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The Sub-groups consider evidence of impairment for receivables at both specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Sub-groups use historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater than suggested by historical trends. Impairment losses in respect

of receivables are primarily determined based on an analysis of the credit status of customers and the period for which the receivable has been overdue.

I) REVERSALS OF IMPAIRMENT

An impairment loss is reversed if there has been an indication that the loss has decreased or no longer exists and a change in the estimates used to determine the recoverable amount. An impairment loss is only reversed to the extent that the carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment losses been recognized.

Reversal of an impairment loss for goodwill is prohibited.

J) EQUITY

Sub-group CTP Property – issued capital
Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than upon a business combination, are shown as a deduction from the proceeds, net of tax, in equity. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

Sub-group CTP Invest – share capital
Share capital represents the amount of capital registered in the Commercial Register of the Czech Republic and is classified as equity. External costs directly attributable to the issuance of share capital, other than upon a business combination, are shown as a deduction from the proceeds, net of tax, in equity. Share capital issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

K) PROVISIONS

A provision is recognized in the statement of financial position when the Sub-groups have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

L) NON-DERIVATIVE FINANCIAL LIABILITIES

The Sub-groups initially recognize debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Sub-group becomes party to the contractual provisions of the instrument.

The Sub-groups derecognize a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Sub-groups have a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Sub-groups has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Sub-groups classify as a current portion any part of long-term loans that is due within one year from the reporting date.

As at the reporting date the nominal value of loans is increased by unpaid interest.

Interest and other financial expenses relating to the acquisition of qualifying assets incurred until the asset is put in use are capitalized. Subsequently, they are recorded as financial expenses.

M) RENTAL INCOME

Rental income from investment property leased out under an operating lease is recognized in the Consolidated statement of profit and loss and comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Rental income from other property is recognized as other income.

N) INCOME FROM DEVELOPMENT ACTIVITIES

Income from development activities include revenues relating to construction services. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

O) EXPENSES

I Service expenses and property operating expenses

Service expenses for service contracts entered into and property operating expenses are expensed as incurred.

II Finance lease payments

The minimum lease payments under finance leases are apportioned between the finance charge and the reduction of the liability. The finance charge is allocated to each period during the lease term so as to produce a periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

III Operating lease payments

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

IV Finance income / finance expenses

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on financial assets at fair value through profit or loss (other than investment property and investment property under development);
- the foreign currency gain or loss on financial assets and financial liabilities;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value loss on contingent consideration classified as financial liability;
- impairment losses recognised on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of net gains previously recognised in OCI.

Interest income or expense is recognised using the effective interest method.

P) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the first day of the accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes of one entity relate to the same fiscal authority.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax was calculated using the tax rates valid for the periods in which the tax asset or liability is expected to be utilized.

The income tax rate for the period ended 31 December 2017 and 31 December 2016 was:

	2017	2016
Austria	25.00%	25.00%
Czech Republic	19.00%	19.00%
Germany	29.48%	29.48%
Hungary	9.00%	19.00%
Luxembourg	26.00%	28.80%
Netherland	25.00%	25.00%
Poland	19.00%	19.00%
Romania	16.00%	16.00%
Serbia	15.00%	15.00%
Slovakia	21.00%	22.00%
Ukraine	18.00%	18.00%

Q) DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument or other contract which fulfils the following conditions:

a) its value changes in response to change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract;

b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

c) it is settled at a future date.

Derivative financial instruments are initially recognized at fair value; attributable transaction costs are recognized in profit or loss as incurred. The derivative financial instruments are classified as held for trading and carried at fair value, with changes in fair value included in net profit or loss of the period in which they arise.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Fair values are obtained from quoted market prices or discounted cash flow models, as appropriate. The derivatives are carried as current (those that are expected to be settled in less than 12 months) or non-current assets when their fair value is positive, and as current (those that are expected to be settled in less than 12 months) or non-current liabilities when their fair value is negative.

R) FOREIGN CURRENCY TRANSACTION

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-controlling interest (NCI).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

S) CHANGES IN THE FINANCIAL STATEMENTS PRESENTATION

Changes in presentation of Statement of comprehensive income
We changed the presentation of financial income and expenses in the Statement of comprehensive income for the years 2017 and 2016. The new presentation provides a clearer view on the structure of finance income and expenses, and fully comparable information.

We introduced a separate presentation of hotel operations and service charge income in the Statement of comprehensive income for the years 2017 and 2016. The new presentation provides a clearer view on the results of the hotel business, and the property operating income separately from Rental income.

We introduced a separate presentation of Depreciation that was originally presented under Other expenses.

In order to provide fully comparable information in the Statement of comprehensive income for 2017, further income statement lines for 2016 were reclassified:

	Prior year balance at 31. 12. 2016	Adjusted balance at 31. 12. 2016	Hotel operations	Depreciation	Service charge income	Other changes	Total difference
Gross rental income	207,356	182,705	-9,626	--	-12,325	-2,700	--
Service charge income	--	12,325	--	--	12,325	--	--
Property operating expenses	-11,686	-13,371	--	--	--	-1,685	--
Hotel operating revenue	--	9,772	9,772	--	--	--	--
Hotel operating expenses	--	-6,961	-6,961	--	--	--	--
Valuation gains on investment property	289,007	296,326	--	--	--	7,319	--
Other income	8,199	9,170	-146	--	--	1,117	--
Amortization and depreciation	--	-3,996	--	-3,996	--	--	--
Other expenses (incl. administrative expenses)	-36,672	-29,766	6,961	3,996	--	-4,051	--
Finance income	20,515	--	--	--	--	-20,515	--
Finance expenses	-58,148	--	--	--	--	58,148	--
Interest income	--	890	--	--	--	890	--
Interest expenses	--	-38,556	--	--	--	-38,556	--
Other financial expenses	--	-6,441	--	--	--	-6,441	--
Other financial gains/losses	--	6,474	--	--	--	6,474	--
Total effect	**--**	**--**	**--**	**--**	**--**	**--**	**--**

6. EPRA PROFIT RECONCILIATION

In EUR thousand	2017	2016
Rental income	208,260	182,705
Service charge income	14,049	12,325
Property operating expenses	-15,221	-13,371
Net rental income	**207,088**	**181,659**
Net income from development activities	**4,000**	**1,086**
Other income	1,546	6,355
Amortization and depreciation	-5,418	-3,996
Other expenses (including administrative expenses)	-33,309	-29,766
Net other income/expenses	**-37,181**	**-27,407**
EPRA net profit/loss before finance costs	**173,907**	**155,338**
Finance income	2,590	1,721
Finance expense	-51,014	-44,997
Net finance costs	**-48,424**	**-43,276**
EPRA profit/loss before income tax	**125,483**	**112,062**
ADJUSTMENTS:		
Net valuation result on investment property	316,727	253,822
Other income - Revaluation of assets held for sale	11,800	7,013
Other income - Sale of investment property	2,248	2,815
Net operating profit from hotel operations	4,414	2,811
Change in fair value derivatives	12,340	-9,404
Net foreign exchange gains/losses	-13,783	15,047
Profit/loss before income tax	459,229	384,166
Profit/loss before income tax	**459,229**	**384,166**

EPRA profit before tax is an alternative to its IFRS equivalent. It is calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA).

This alternative has been used because it highlights the underlying recurring performance of the property rental business that is the CTP's principal activity.

7. GROSS RENTAL INCOME AND SERVICE CHARGE INCOME

In EUR thousand	2017	2016
Warehouse	95,970	83,203
Production	85,114	72,767
Office	24,879	23,305
Retail	2,219	3,131
Other	78	299
Total rental income	**208,260**	**182,705**
Service charge income	14,049	12,325
Total gross rental income	**222,309**	**195,030**

CTP leases out its investment property under operating leases. The operating leases are generally for terms of 5 - 15 years. In the gross rental income for production and logistic premises is included the income generated by solar plants on the roofs of these buildings.

Park management income represents fixed contractual income receivable from tenants for maintenance, cleaning, security, garbage management and usage of infrastructure.

In 2017 the revenues of EUR 1,342 thousand (2016 – EUR 3,968 thousand) relates to proceeds from assets held for sale.

The revenues were generated in the following countries where CTP operates:

In EUR thousand	2017	2016
Czech Republic	165,901	159,323
Romania	25,678	17,434
Slovakia	15,112	10,921
Hungary	11,719	3,514
Germany	2,186	2,402
Poland	1,545	1,256
Austria	168	180
Total gross rental income	**222,309**	**195,030**

8. PROPERTY OPERATING EXPENSES

In EUR thousand	2017	2016
Park Management exp	-5,924	-5,190
Maintenance and repairs	-4,221	-3,902
Real estate tax	-2,914	-2,589
Insurance	-1,176	-919
Other	-986	-771
Total property operating expenses	**-15,221**	**-13,371**

The park management expenses represent expenses for utilities, maintenance, cleaning, security and garbage management provided by external suppliers. These expenses are covered by the park management fees charged to the tenants.

9. NET OPERATING INCOME FROM HOTEL OPERATIONS

In EUR thousand	2017	2016
Hotel operating revenue	14,978	9,772
Hotel operating expenses	-10,564	-6,961
Net operating income from hotel operations	**4,414**	**2,811**

Income from hotel operations is represented by sales revenues from operating two hotels in the Czech Republic that CTP acquired during 2015 and one hotel in the Czech Republic finished and launched in November 2016.

From the total hotel operating revenue in 2017 (EUR 14,978 thousand) an amount of EUR 10,841 thousand relates to assets which were as at 31 December 2017 classified as Assets held for sale.

10. NET INCOME FROM DEVELOPMENT ACTIVITIES

In EUR thousand	2017	2016
Income from development activities	16,550	5,194
Expenses connected with development activities	-12,550	-4,108
Net income from development activities	**4,000**	**1,086**

Net income from development activities represents income from construction services provided by CTP to third party companies.

11. OTHER INCOME

In EUR thousand	2017	2016
Gains from sale of assets	2,248	2,815
Other income	1,546	6,355
Total other income	**3,794**	**9,170**

Gains from sale of assets in 2017 primarily consists of gain from sale of CT Retail of EUR 1,839 thousand, gain from sale of Dúbravská 2, s.r.o. of EUR 735 thousand, gain from sale of Benesovska Office Building in Prague of EUR 661 thousand and loss of sale of premises in Germany of EUR 1,900 thousand.

Gains from sale of assets in 2016 mainly comprised of sale of Vídeňská Office Building in amount of EUR 1,585 thousand, sale of company Pekařská Office, s. r. o. in amount of EUR 619 thousand and sale of Thakurova Office Building in amount of EUR 496 thousand.

Other income consist mainly of insurance indemnification and contractual penalties.

12. OTHER EXPENSES (INCLUDING ADMINISTRATIVE EXPENSES)

In EUR thousand	2017	2016
Personnel expenses	-11,030	-7,399
Energy and material consumption	-2,211	-2,181
Legal, tax and audit	-4,317	-4,842
Fee for real estate consultants and brokers	-3,618	-3,126
Taxes and charges	-2,177	-2,077
Advertising and promotion expenses	-1,631	-1,293
Rent	-1,520	-1,340
Other	-6,805	-7,508
Total other expenses (exluding hotel operations)	**-33,309**	**-29,766**

Energy and material consumption include also cost for equipment and furniture, which due its nature can be directly expensed to the profit and loss account. Other expenses include costs for insurance costs, gifts, donations, impairment on receivables etc.

In 2015, the Group acquired two hotels (both the properties and the operations) in the Czech Republic and in 2016, the Group finished construction of the hotel in Brno, Czech Republic. Operation of this hotel started on 1 November 2016.

Personnel expenses
The split of personnel expenses between project management and administrative is as follows:

In EUR thousand	2017	2016
Project management	-1,467	-959
Administrative	-9,563	-6,440
Total	**-11,030**	**-7,399**

The average number of equivalent employees working full-time in 2017 was 257 (2016 – 194 employees).

13. NET FINANCE COSTS

In EUR thousand	2017	2016
Interest income	1,323	890
Interest expense	-44,426	-38,556
Other financial expenses	-6,587	-6,441
Other financial gains/losses	-178	6,474
Net finance costs	**-49,868**	**-37,633**

Interest expenses consists of interest from financial derivatives and from borrowings. The increase of interest expense by EUR 5,870 thousand is primarily due to increase of borrowings from credit institutions (refer to note 23).

Other financial expenses comprise primarily of standard bank fees and arrangement fees for making available new loan facilities and other financial expenses.

14. INCOME TAX EXPENSE

In EUR thousand	2017	2016
Current tax	-21,166	-9,219
Deferred tax	-88,244	-64,150
Total income tax expense in income statement	**-109,410**	**-73,369**

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

The income tax rate is valid for 2017 and is as well valid for the future periods when the Group expects to utilize the tax impacts from previous years.

15. INVESTMENT PROPERTY

In EUR thousand	2017	2016
Buildings and land	**3,542,869**	**2,998,323**
warehouse	1,617,812	1,392,079
production	1,464,682	1,161,363
office	393,873	359,680
hotels	36,050	73,915
retail	12,210	9,781
other	18,242	1,505
Land bank	243,841	157,713
Total	**3,786,710**	**3,156,036**

In EUR thousand	Owned buildings and land	Land Bank	Total
Balance at 1 January 2016	**2,564,753**	**133,661**	**2,698,414**
Transfer from / to investment property under development	17,830	10,549	28,379
Transfer within investment property	-437	437	--
Acquisitions	34,980	--	34,980
Additions / disposals	142,586	295	142,881
Translation reserve	223,002	25,769	248,771
Valuation gains	18,619	--	18,619
Valuation gains recognized in previous years on investment property under development transferred to investment property	--	--	--
Valuation losses	-3,010	-12,997	-16,007
Balance at 31 December 2016	**2,998,323**	**157,714**	**3,156,037**
Balance at 1 January 2017	**2,998,323**	**157,714**	**3,156,037**
Transfer from / to investment property under development	30,733	21,946	52,679
Transfer within investment property	-3,556	3,556	--
Acquisitions	87,828	5,952	93,780
Additions / disposals	185,973	33,776	219,749
Translation reserve	--	-1,965	-1,965
Asset held for sale	-78,840	--	-78,840
Valuation gains	301,271	37,645	338,916
Valuation gains recognized in previous years on investment property under development transferred to investment property	36,539	--	36,539
Valuation losses	-15,402	-14,783	-30,185
Balance at 31 December 2017	**3,542,869**	**243,841**	**3,786,710**

Owned buildings and land represent assets in CTP's legal ownership.

The land bank comprises the plots of land in CTP's ownership, on which development projects are to be carried out. The land bank has been valued by a registered independent valuator with an appropriately recognized professional qualification and with an up–to–date knowledge and understanding of the location and category of the property.

Investment property comprises a number of commercial properties that are leased to third parties. The carrying amount of investment property is the fair value of the property as determined by a registered independent valuator with an appropriately recognized professional qualification and with an up-to-date knowledge and understanding of the location and category of the valued property.

All owned buildings and land are subject to a registered debenture to secure bank loans (refer to note 23).

Fair value hierarchy
The fair value measurement for investment property has been categorized as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the year.

Management's adjustments made in respect of valuations appraisals
The management of CTP did not make any adjustments to valuations appraisals and the carrying amounts of properties fully correspond to their fair values determined by independent valuators as at December 31, 2017.

The investment property and the investment property under development is located in the following countries where CTP operates:

In EUR thousand	2017	2016
Czech Republic	3,154,400	2,802,080
Romania	477,850	270,466
Slovakia	224,025	170,583
Hungary	191,116	91,820
Poland	29,081	15,600
Germany	14,542	25,662
Austria	2,697	2,580
Ukraine	1,584	1,866
Slovenia	1,504	1,449
Total	**4,096,799**	**3,382,106**

Lettable area per countries in m^2 of investment property	2017	2016
Czech Republic	2,954,991	2,785,912
Romania	695,730	449,080
Hungary	400,859	231,121
Slovakia	248,891	220,254
Germany	117,537	138,066
Poland	28,931	12,451
Austria	1,381	1,380
Total	**4,448,320**	**3,838,263**

16. INVESTMENT PROPERTY UNDER DEVELOPMENT

In EUR thousand	2017	2016
Balance at 1 January	**226,070**	**225,806**
Additions/disposals	153,382	23,121
Transfers from/to investment property	-52,679	-28,380
Valuation gains	31,962	40,543
Valuation losses	-12,165	-19,484
Valuation gains recognized in previous years on investment property under development transferred to investment property in current year	-36,539	-18,619
Acquisitions of subsidiaries	58	3,083
Balance at 31 December	**310,089**	**226,070**

The investment property under development comprises pipeline projects in several stages of completion and of land with planning permits in place which is still to be constructed but where pre-agreements with future tenants are available. The management estimates that all of the pipeline projects to be built will be completed in the coming two years.

The transfers from Investment property under development to the Land bank comprises of land under projects which in the previous year were planned as pipeline projects but as such were not realized.

The carrying amount of investment property under development is the fair value of the property as determined by a registered independent valuator with an appropriately recognized professional qualification and with an up-to-date knowledge and understanding of the location and category of the valued property.

Fair value hierarchy
The fair value measurement for investment property under development has been categorized as Level 3 recurring fair value based on the inputs to the valuation technique used in accordance with IFRS 13. There were no transfers between Levels during the year.

17. NET VALUATION RESULT ON INVESTMENT PROPERTY

Reconciliation of valuation gains/losses recognized in statement of comprehensive income:

In EUR thousand	2017	2016
Valuation gains	407,417	296,326
out of which: Investment Property	375,455	274,403
Investment Property under development	31,962	21,923
Valuation losses	-78,889	-35,491
out of which: Investment Property	-30,185	-16,007
Investment Property under development	-48,704	-19,484
Net valuation gains (- losses) on investment property	**328,528**	**260,835**

18. PROPERTY, PLANT AND EQUIPMENT

In EUR thousand	Plant	Equipment	2017	2016
Balance at 1 January	**19,298**	**4,107**	**23,405**	**23,300**
Acquisitions	--	683	683	186
Additions	--	14,017	14,017	4,467
Disposals	--	-791	-791	-10
Valuation gain/loss on solar plants	1,078	--	1,078	-441
Depreciation	-1,169	-3,365	-4,534	-4,096
Balance at 31 December	**19,207**	**14,651**	**33,858**	**23,406**

Under Plant are presented the solar plants installed on the roofs of several buildings. The value of EUR 19,207 thousand (2016 – EUR 19,299 thousand) represents the fair value of the solar panels based upon the independent valuation report.

Under Equipment in the amount of EUR 14,651 thousand (2016 – EUR 4,107 thousand) the real estate infrastructure (roads, greenery, energy transformers etc.) and related equipment are presented. Besides the real estate infrastructure the furnishing of canteens is separately leased to tenants. All items under Equipment are stated at historical costs minus depreciation.

The most significant additions in 2017 relate to purchase of means of transport.

19. TRADE AND OTHER RECEIVABLES

In EUR thousand	2017	2016
Trade receivables and other assets	48,864	35,778
VAT receivables	23,730	18,305
Balance at 31 December	**72,594**	**54,083**

The trade receivables consist mainly of receivables from rent and rent related income.

Short-term receivables overdue more than 6 months total EUR 5,796 thousand (2016 – EUR 4,828 thousand). Total allowances to bad debts are of EUR 4,801 thousand (2016 – EUR 4,293 thousand).

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of EUR 59,313 thousand (2016 – EUR 64,418 thousand) consist of petty cash, cash at bank balances and cash in transit.

Restricted cash amounts to EUR 32,740 thousand (2016 – EUR 32,774 thousand).

21. ASSETS CLASSIFIED AS HELD FOR SALE

During 2017 the Group decided to sell its interest in both hotels. This decision concerns following subsidiaries: 2P, s.r.o., Hotel Operations Plzeň s.r.o., Europort Airport Center a.s. and Hotel Operations Europort s.r.o. Further the Group decided to sell its 100% interest in CTP Property Poland I Sp. z o.o. All these subsidiaries were classified as a disposal group held for sale.

As at 31 December 2016 the subsidiaries Dúbravská 2, s.r.o. and CT Retail s.r.o. were classified as a disposal group held for sale. In 2017 the subsidiaries were sold.

The detailed structure of the assets and liabilities of the disposal group as at 31 December 2017 and 31 December 2016 is as follows:

In EUR thousand	2P, s.r.o.	Hotel Operations Plzeň s.r.o.	Europort Airport Center a.s.	Hotel Operations Europort s.r.o.	CTP Property Poland I Sp. z o.o.	2017	2016
Investment property	23,690	--	37,300	--	17,850	78,840	52,520
Property, plant and equipment	--	227	--	357	--	584	--
Loans and deposits	--	--	--	--	--	--	5,235
Trade and other receivables	22	370	63	767	266	1,488	766
Deferred tax asset	--	16	--	25	--	41	--
Cash and cash equivavents	310	1,344	525	2,362	474	5,015	1,019
Total assets	**24,022**	**1,957**	**37,888**	**3,511**	**18,590**	**85,968**	**59,540**
Loans and borrowings	9,858	--	13,156	--	9,460	32,474	29,460
Deferred tax liability	1,223	--	591	--	1,645	3,459	6,384
Other financial liabilities	157	--	--	--	105	262	538
Trade and other payables	377	531	239	1,108	278	2,533	1,512
Total liabilities	**11,615**	**531**	**13,986**	**1,108**	**11,488**	**38,728**	**37,894**

22. EQUITY

CTP Property N.V.

Issued capital
The authorized share capital of the Company consists of 500,000,000 ordinary shares with a nominal value of EUR 0.10 each. As of December 31, 2017 the issued share capital consists of 124,000,000 shares of EUR 0.10 each. The issued share capital has been fully paid up.

Share premium reserve
The Share premium reserve represents the difference in the par value and the value at the date of issuance of the shares.
As of December 31, 2017 the share premium amounts to EUR 619,529 thousand (31 December 2016 – EUR 619,529 thousand).

Revaluation reserve
The Revaluation reserve in the amount of EUR 10,587 thousand (2016 – EUR 10,349 thousand) represents the net valuation gain, i.e. the valuation gain after tax, from the revaluation of the solar plants which was directly recognized in equity.

CTP Invest, spol. s r.o.

Share capital
The issued capital comprises the capital of the Company as recorded in the Czech Commercial Register of EUR 74,019 thousand (2016 – EUR 74,019 thousand).

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements from the functional to the presentation currency (refer to basis of preparation 4b).

23. INTEREST-BEARING LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS

In EUR thousand	2017	2016
Non-current liabilities		
Interest-bearing loans and borrowings from financial institutions	1,887,788	1,649,085
Balance at 31 December	**1,887,788**	**1,649,085**
Current liabilities		
Interest-bearing loans and borrowings from financial institutions	136,958	82,461
Balance at 31 December	**136,958**	**82,461**

Residual maturity of loans and borrowings from financial institutions as at 31 December 2017 is as follows:

	Balance as at 31 December 2017					Balance as at 31 Dec. 2016
	Due within			Due in	Total	Total
In EUR thousand	1 year	2 years	3–5 years	follow. years		
Erste Group	16,733	17,079	51,602	246,992	**332,406**	**322,582**
Erste Group Bank AG	0	0	0	0	0	0
Česká spořitelna, a.s.	12,531	12,856	38,569	199,310	263,267	269,164
Banca Comerciala Romana S.A.	4,202	4,223	13,033	47,681	69,139	53,418
Raiffeisen International Group	30,809	15,507	104,541	139,312	**290,169**	**270,264**
Raiffeisenbank a.s.	24,516	8,650	37,126	118,465	188,757	189,203
Tatra banka, a.s.	3,531	4,342	45,370	0	53,243	47,225
RAIFFEISEN BANK S.A.	1,723	1,160	17,777	0	20,660	12,946
RAIFFEISEN BANK ZRT.	1,039	1,355	4,269	20,847	27,509	20,890
UniCredit Bank Czech Republic and Slovakia, a.s.	15,978	26,256	119,999	141,367	**303,600**	**260,474**
UniCredit Bank Czech Republic and Slovakia, a.s.	15,164	16,487	119,999	141,367	293,016	249,076
UniCredit Bank Hungary Zrt.	814	9,770	0	0	10,584	11,398
KBC Group	23,846	10,872	34,025	174,655	**243,399**	**199,283**
Československa obchodní banka, a.s.	21,643	8,625	27,008	142,538	199,815	179,249
Československa obchodná banka, a.s.	413	413	1,240	7,434	9,500	0
K & H	1,790	1,834	5,777	24,683	34,084	20,034
Société Générale Group	11,795	35,171	66,398	100,137	**213,501**	**199,991**
Komerční banka, a.s.	8,918	33,080	40,672	92,847	175,517	135,102
BRD-Groupe Société Générale S.A.	2,415	1,620	24,255	5,024	33,313	64,889
SG Equipment Finance Czech Republic s.r.o.	461	471	1,472	2,267	4,671	0
Landesbank Hessen - Thuringen Girozentrale	5,473	5,473	16,420	115,812	**143,178**	**47,924**
Raiffeisenlandesbank Niederösterreich-Wien AG	6,007	6,118	122,525	0	**134,650**	**126,804**
Allianz Lebensversicherungs-Aktiengesellschaft + Allianz Private Krankenversicherungs-Aktiengesellschaft	4,000	4,000	12,000	80,000	**100,000**	**0**
Deutsche Pfandbriefbank AG	3,093	3,093	9,280	70,592	**86,058**	**138,382**
ING Bank N.V.	2,400	2,400	7,200	48,000	**60,000**	**78,313**
European Bank for Reconstruction and Development	8,431	1,806	5,418	18,230	**33,885**	**0**
Banca Transilvania SA	2,050	1,125	3,564	17,288	**24,027**	**0**
PPF banka, a.s.	228	234	5,006	0	**5,468**	**21,039**
Všeobecná úvěrová banka, a.s.	748	770	2,452	9,492	**13,462**	**42,651**
MONETA Money Bank, a.s.	0	0	0	0	**0**	**12,954**
Alpha Bank SA	660	660	1,980	9,400	**12,700**	**0**
Oberbank AG pobočka Česká republika	752	766	8,635	0	**10,152**	**10,888**
Bancpost SA	1,147	448	1,344	5,082	**8,021**	**0**
Bank Polska Kasa Opieki S.A.	2,534	1,656	550	0	**4,739**	**0**
OTP Bank Nyrt.	258	529	1,648	1,896	**4,332**	**0**
Garanti Bank	16	240	187	555	**999**	**0**
Subtotal	136,958	134,205	574,772	1,178,810	**2,024,745**	**1,731,547**
MONETA Money Bank, a.s.	13,156	0	0	0	**13,156**	**0**
Raiffeisenbank a.s.	9,858	0	0	0	**9,858**	**21,776**
Tatra banka, a.s.	0	0	0	0	**0**	**7,684**
PPF banka, a.s.	9,460	0	0	0	**9,460**	**0**
Loans linked to assets held for sale	32,474	0	0	0	**32,474**	**0**
Total	**169,432**	**134,205**	**574,772**	**1,178,810**	**2,057,219**	**1,761,007**

Interest rates for loans and borrowings are based on EURIBOR and PRIBOR, plus margins that vary from 1.60% to 3.20%.

Some of the Group's borrowings have, among others, loan-to-value and debt service coverage ratio covenants. The Group believes there is sufficient head room to meet the covenants. They are usually secured by pledges of shares, real estate, receivables and cash at bank accounts.

The share pledges related to interest bearing loans are described in detail in note 31.

24. TRADE AND OTHER PAYABLES

In EUR thousand	2017	2016
Trade payables and other liabilities	136,338	53,170
Corporate income tax liability	10,331	15,774
Balance at 31 December	**146,669**	**68,944**

Trade payables and other liabilities consist primarily of liabilities for constructions works and liabilities related to acquisition of land. The increase is in line with higher development activities compared to last year.

25. FINANCIAL DERIVATIVES

In EUR thousand	2017	2016
Receivables	3,859	608
Payables	-10,342	-26,369
Total	**-6,483**	**-25,761**

All financial derivatives were stated at fair value as at 31 December 2017 and categorised to Level 3 in the fair value hierarchy. For fair value determination, a market comparison technique was used.

As at 31 December 2017 CTP held the following financial instruments:

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2017 (in EUR thousand)
Interest rate swaps	2019–2024	1M Euribor / 3M Euribor	from -0.37% to 0.595%	EUR	327,602	1,947
Interest rate swaps	2022–2024	3M Pribor	from 0.68% to 1.3%	CZK	955,638	1,084
Foreign exchange forward contracts	2018	n/a	n/a	CZK	1,038,550	636
CAP	2019–2020	3M Euribor	from 1.5% to 4%	EUR	23,562	30
Cross currency interest rate swap	2018	0.000%	0.000%	CHF	4,739	162
Total receivables from derivatives						**3,859**

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2017 (in EUR thousand)
Interest rate swaps	2018 - 2024	1M Euribor / 3M Euribor	from -0.35% to 1.83%	EUR	791,904	-9,509
Interest rate swap	2018	3M Pribor	1.000%	CZK	23,605	-1
Foreign exchange swap	2018	n/a	n/a	CZK	397,850	-589
Foreign exchange forward contracts	2018	n/a	n/a	PLN	29,693	-243
Subtotal						**-10,342**
Interest rate swaps	2019-2023	3M Euribor	from -0.215% to 0.76%	EUR	19,633	-262
Derivatives linked to assets held for sale						**-262**
Total liabilities from derivatives						**-10,604**

As at 31 December 2016 CTP held the following financial instruments:

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Nominal amount in thousand	Fair value 2016 (in EUR thousand)
Interest rate swaps	2019–2023	1M Euribor / 3M Euribor	from -0.37% to 0.3%	EUR	135,260	604
CAP	2019–2020	3M Euribor	from 1.5% to 4%	EUR	23,562	4
Total receivables from derivatives						**608**

Derivative financial instruments	Due within maturity date	Receiving leg	Paying leg	Currency	Actual nominal amount in thousands	Fair value 2016 (in EUR thousand)
Interest rate swaps	2017–2023	1M Euribor / 3M Euribor	from -0.35% to 1.83%	EUR	846,542	-23,503
Interest rate swaps	2018–2023	3M Pribor	from 0.427% to 1%	CZK	750,029	-246
CAP	2017	3M Euribor	2.650%	EUR	60,000	-338
COLLAR	2017	n/a	n/a	EUR	24,000	-631
Cross currency interest rate swap	2019	3M Euribor	0.317%	CHF	61,558	-1,651
Total liabilities from derivatives						**-26,369**

26. DEFERRED TAX LIABILITY

Deferred tax assets and liabilities were offset in the consolidation with respect to companies subject to the same tax authority.

The deferred tax liability relates to the following temporary differences between the tax basis and the value presented in the combined pro-forma statement of financial position as at 31 December 2017 and 31 December 2016:

In EUR thousand	2017	2016
Temporary differences		
Investment property	-2,106,937	-1,632,201
Tax losses	26,650	53,281
Property, plant and equipment	26,686	17,601
Other (receivables, hedge accounting etc.)	8,182	4,508
Total temporary differences	**-2,045,419**	**-1,556,811**
Average tax rate (majority of deferred tax arises in the Czech Republic)	18.3%	19.0%
Deferred tax liability	**-374,176**	**-295,794**
Change of deferred tax in period ended 31 December	**-78,382**	**-57,764**
Deferred tax recorded in statement of comprehensive income	-88,244	-64,150
Deferred tax arised from acquisitions	1,770	--
Deferred tax recorded in translation reserve	4,674	844
Deferred tax arised from revaluation of Property, plant and equipment	--	--
Deferred tax from asset held for sale	3,418	5,542

Reconciliation of effective income tax

	2017		2016	
In EUR thousand	Tax base	Tax	Tax base	Tax
Profit / Loss before income tax	459,229	84,008	384,166	76,833
Average tax rate	18.3%		20.0%	
Tax non-deductible expenses	130,252	23,828	18,245	3,649
Tax exempt income	-53,939	-9,867	-10,834	-2,167
Other tax decreasing items	62,542	11,441	-24,731	-4,946
Tax base	**598,084**	**109,410**	**366,846**	**73,369**

27. SUBSIDIARIES

CTP Invest, spol. s r.o.

The Company had the following investments in subsidiaries as at 31 December 2017 and 31 December 2016 respectively:

		Ownership		
Subsidiaries	**Country**	**2017**	**2016**	**Note**
CTP Invest 1, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest III, spol. s r.o.	Czech Republic	100%	100%	
Multidisplay s.r.o.	Czech Republic	100%	100%	
Bor Logistics, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XVI, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XVII, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XIX, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XX, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXIII, spol. s r.o.	Czech Republic	100%	100%	
CTP Products I, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXVI, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest X, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest XI, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest XII, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest XIV, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest XV, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest XVI, spol. s r.o.	Czech Republic	100%	100%	
Brno Retail s.r.o.	Czech Republic	100%	100%	
LORNOKA REAL ESTATE, s.r.o.	Czech Republic	100%	100%	
COPOK s.r.o.	Czech Republic	100%	100%	
Bohemia Pilz s.r.o.	Czech Republic	100%	100%	
2P, s.r.o.	Czech Republic	100%	100%	
Hotel Operations Plzeň s.r.o.	Czech Republic	100%	100%	
Europort Airport Center a.s.	Czech Republic	100%	100%	
Hotel Operations EUROPORT s.r.o.	Czech Republic	100%	100%	
CTPersonal Bor, spol. s r.o.	Czech Republic	100%	100%	
CTP Karviná, spol. s r.o.	Czech Republic	100%	100%	
DUNSTAR a.s.	Czech Republic	83%	83%	
CTP Plzeň III, spol. s r.o.	Czech Republic	100%	--	3/
Waystone CZ s.r.o.	Czech Republic	100%	--	1/
Kaufpark a.s.	Czech Republic	100%	--	1/
Dúbravská 2, s.r.o.	Slovakia	--	100%	4/
CTP Invest Hungary Kft	Hungary	100%	100%	
CTPark Alpha Kft	Hungary	100%	100%	
CTPark Beta Kft	Hungary	100%	100%	
CTPark Gamma Kft	Hungary	100%	100%	
CTP Management Hungary, Kft.	Hungary	100%	100%	
CTPark Biatorbágy, Kft.	Hungary	100%	--	2/
CTPark Arrabona, Kft.	Hungary	100%	--	2/
CTPark Delta Kft.	Hungary	100%	--	2/
CTPark Seven Kft.	Hungary	100%	--	2/
CTPark Eight Kft.	Hungary	100%	--	2/
CTP Property Poland I Sp. z o.o.	Poland	100%	100%	
GreenPark Resi I sp. z o.o.	Poland	100%	100%	
GreenPark Resi II sp. z o.o.	Poland	100%	100%	
CTP INVEST POLAND SP. Z O.O.	Poland	100%	--	1/
CTPark Iłowa Sp. z o.o.(formerly A18 ESTATE Sp. z o.o.)	Poland	100%	--	1/
CTPark Ukraine LLC	Ukraine	100%	100%	
CTPark Lviv LLC	Ukraine	100%	100%	
IQ Lviv LLC	Ukraine	100%	100%	
CTP CONTRACTORS SRL	Romania	100%	--	1/
CTP Invest doo Beograd-Novi Beograd	Serbia	100%	--	1/

1) Newly acquired or newly established subsidiaries in 2017
2) Subsidiaries sold from CTP Property N.V. to CTP Invest, spol. s r.o.
3) Subsidiary established through spin off from CTP Property XX, spol. s r.o.
4) Subsidiary sold in 2017

CTP Property N.V.

CTP Property N.V. ultimately owns mainly through CTP Property Lux, S.à r.l., the 100%-subsidiary in Luxembourg, the following subsidiaries:

		Ownership		
Subsidiaries	**Country**	**2017**	**2016**	**Note**
CTP, spol. s r.o.	Czech Republic	100%	100%	
CTP Property, a.s.	Czech Republic	100%	100%	
CTP Property II, a.s.	Czech Republic	100%	100%	
CTP Property III, a.s.	Czech Republic	100%	100%	
CTP Property IV s.r.o.	Czech Republic	100%	100%	
CTP Property V, a.s.	Czech Republic	100%	100%	
CTP Invest VIII, spol. s r.o.	Czech Republic	100%	100%	
CTP Property VIII, a.s.	Czech Republic	100%	100%	
CTP Invest XIII, spol. s r.o.	Czech Republic	100%	100%	
CTP Property IX, a.s.	Czech Republic	100%	100%	
CTP Property X, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XI, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XIV, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XVIII, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXI, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXII, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXVII, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXVIII, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXIX, spol. s r.o.	Czech Republic	100%	100%	
CTP Property XXX, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest IV, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest V, spol. s r.o.	Czech Republic	100%	100%	
Hotel Operatins Brno, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest VII, spol. s r.o.	Czech Republic	100%	100%	
CTP Invest IX, spol. s r.o.	Czech Republic	100%	100%	
CTP Brno I, spol. s r.o.	Czech Republic	100%	100%	
CTP Divišov I, spol. s r.o.	Czech Republic	100%	72%	8/
CTP Finance, a.s.	Czech Republic	100%	100%	
CTP Hranice II, spol. s r.o.	Czech Republic	100%	100%	
CTP Infrastructure, a.s.	Czech Republic	100%	100%	
CTP Plzeň I, spol. s r.o.	Czech Republic	100%	100%	
CTP Pohořelice I, spol. s r.o.	Czech Republic	100%	100%	
CTPark Bor, spol. s r.o.	Czech Republic	100%	98%	8/
CTPark Brno Campus s.r.o.	Czech Republic	100%	100%	
CTPark Mladá Boleslav II, spol. s r.o.	Czech Republic	100%	100%	
CTPark Prague East, spol. s r.o.	Czech Republic	100%	100%	
Komerční zóna Nupaky, s.r.o.	Czech Republic	100%	100%	
CT Finance, spol. s r.o.	Czech Republic	100%	100%	
CT Retail s.r.o.	Czech Republic	--	100%	7/
CTZone Brno, a.s.	Czech Republic	100%	100%	
CTZone Ostrava, a.s.	Czech Republic	100%	100%	
CTPark Prague North, spol. s r.o.	Czech Republic	100%	100%	
Spielberk Office Center, spol. s r.o.	Czech Republic	100%	100%	
EP Kadan, spol. s r.o.	Czech Republic	100%	--	1/
EP Karviná, spol. s r.o.	Czech Republic	100%	--	1/
CTP Teplice I, spol. s r.o.	Czech Republic	100%	--	3/
CTP Teplice II, spol. s r.o.	Czech Republic	100%	--	4/
CTP Plzeň II, spol. s r.o.	Czech Republic	100%	--	3/
CTP Louny, spol. s r.o.	Czech Republic	100%	--	3/
CTP Plzeň V, spol. s r.o.	Czech Republic	100%	--	5/
CTP Plzeň IV, spol. s r.o.	Czech Republic	100%	--	6/
CTP Immobilienverwaltung GmbH	Austria	99%	99%	
CTP Germany GmbH	Germany	100%	100%	
DN Beteiligungs GmbH	Germany	90%	90%	
TGM GmbH	Germany	90%	90%	
CTP Invest SK, spol. s r.o.	Slovakia	100%	100%	
Nitra Park II, s.r.o.	Slovakia	100%	100%	

		Ownership		
Subsidiaries (cont.)	**Country**	**2017**	**2016**	**Note**
CTP Beta SK, spol. s r.o.	Slovakia	100%	100%	
CTP Alpha SK, spol. s r.o.	Slovakia	100%	100%	
CTPark Bratislava, spol. s r.o.	Slovakia	85%	85%	
CTPark Nitra, s.r.o.	Slovakia	90%	90%	
CTP Slovakia, s.r.o.	Slovakia	90%	90%	
CTP Ljubljana d.o.o.	Slovenia	100%	100%	
CTPark Alpha d.o.o.	Slovenia	100%	--	1/
CTP INVEST Bucharest S.R.L.	Romania	100%	100%	
CTPARK ALPHA S.R.L.	Romania	100%	100%	
CTPARK DELTA S.R.L.	Romania	95%	95%	
CTPARK GAMMA S.R.L.	Romania	95%	95%	
CTPARK BETA S.R.L.	Romania	100%	100%	
CTPark Bucharest SRL	Romania	90%	90%	
DEVA LOGISTIC CENTER SA	Romania	99%	99%	
H.E.E. (MERCURY) PROPRIETATI SRL	Romania	100%	100%	
CTPARK BUCHAREST WEST I S.R.L.	Romania	90%	90%	
CENTURA PROPERTY HOLDING S.A.	Romania	100%	--	1/
CTPARK ZETA SRL	Romania	100%	--	1/
CTPARK ETA SRL	Romania	100%	--	1/
CTPARK KAPPA SRL	Romania	100%	--	1/
CTPARK LAMBDA SRL	Romania	100%	--	1/
CTPARK OMEGA SRL	Romania	100%	--	1/
CTPARK SIGMA SRL	Romania	100%	--	1/
CTPARK THETA SRL	Romania	100%	--	1/
CTPARK PHI SRL	Romania	100%	--	1/
CTPARK PSI SRL	Romania	100%	--	1/
CTPARK TAU SRL	Romania	100%	--	1/
CTPark Alpha, EOOD	Bulgaria	100%	100%	
CTPark Biatorbágy, Kft.	Hungary	--	100%	2/
CTPark Arrabona, Kft.	Hungary	--	100%	2/
CTPark Delta Kft.	Hungary	--	100%	2/
CTP Property Lux S.á.r.l.	Luxembourg	100%	100%	
CTPark Alpha, EOOD	Bulgaria	100%	--	1/
CTP ALPHA POLAND SP. Z O.O.	Poland	100%	--	1/
CTP Alpha doo Beograd-Novi Beograd	Serbia	100%	--	1/

1) Newly acquired or newly established subsidiaries in 2017
2) Subsidiaries sold from CTP Property N.V. to CTP Invest, spol. s r.o.
3) Subsidiary established through spin off from CTP Property II, a.s.
4) Subsidiary established through spin off from CTP Property XVIII, spol. s r.o.
5) Subsidiary established through spin off from CTP Property V, a.s.
6) Subsidiary established through spin off from CTP Property IX, a.s.
7) Disposals in 2017
8) Acquisition of non-controlling interests from CTP Invest, spol. s r.o.

28. RELATED PARTIES

CTP has a related party relationship with its directors and executive officers and other companies which equity holders are Multivest B.V. and Finspel B.V. These entities are ultimate parents of CTP. The majority of transactions are with Multifin B.V. Group companies.

In 2017 and 2016 CTP had the following revenues and expenses with related parties:

	2017		2016	
In EUR thousand	**Revenues**	**Expenses**	**Revenues**	**Expenses**
Multifin B.V. - interest	491	-288	464	-298
Multivest B.V. - interest	123	-1,162	95	--
CTP Partners N.V. - interest	42	--	41	--
Finspel B.V. - interest	608	--	581	--
CTP Invest Poland sp. z o.o. - interest	--	--	--	-2
MaVo Lux S.a.r.L. - interest	7	--	6	--
CTP Alpha Poland sp. z.o.o. - interest	--	--	--	-2
CTP Solar, a.s. - interest	--	--	2	--
Others	22	--	--	--
Total	**1,293**	**-1,450**	**1,189**	**-302**

As at 31 December 2017 and 2016, CTP has the following current receivables and loans to and current liabilities and loans from related parties:

	2017		2016	
In EUR thousand	**Receivables**	**Payables**	**Receivables**	**Payables**
Remon L. Vos	35	--	--	--
Multifin B.V.	550	--	8	--
CTP Solar, a.s.	1	--	--	--
MULTIVEST B.V.	--	-162	--	--
Finspel B.V.	--	-590	--	--
CTP Energy TR, a.s.	1	-1	--	-67
CTP Invest Poland Sp. z o. o.	--	--	56	--
Total	**586**	**-753**	**64**	**-67**

As at 31 December 2017 and 2016, CTP has the following non-current receivables and loans provided to and non-current liabilities and loans received from related parties:

	2017		2016	
In EUR thousand	**Receivables**	**Payables**	**Receivables**	**Payables**
Multifin B.V.	19,282	-12,942	16,919	-12,654
Finspel B. V.	486	--	14,010	--
CTP Partners N.V.	1,954	--	1,792	--
MaVo LUX s.a.r.l	293	--	257	--
CTP Solar, a.s.	--	-94	2	-91
CTP Invest Poland Sp. z o.o.	--	--	342	--
Multivest B.V.	--	-21,163	2,621	--
CTP Energy TR, a.s.	--	-71	--	--
Total	**22,014**	**-34,269**	**35,943**	**-12,745**

As at 31 December 2017 the Group provided loans in the amount of EUR 19,282 thousand to Multifin B.V. (2016 – EUR 16,919 thousand). The increase relates to new loan provided to Multifin B.V. in 2017 in total amount of EUR 2,870 thousand. The interest rate applied vary and it is either fixed of 2.3% or variable of 3M EURIBOR+3%. The loan is unsecured and due in 2020.

As at 31 December 2017 the Group received loans in the amount of EUR 12,942 thousand from Multifin B.V. (2016 – EUR 12,654 thousand). The interest rate applied for 2017 and 2016 was 3M EURIBOR+3%. The loan is unsecured and due on 12 November 2020.

Other non-current non-trade receivables from and non-trade liabilities to related parties are interest bearing and bear interest in a range of 2.3% – 9% depending on the maturity, collateralization, subordination, country risk and other specifics.

Executive management
The average number of executives and remuneration paid for the period ended 31 December 2017 and 31 December 2016 were as follows:

In EUR thousand	2017	2016
Number of employees	14	14
Personnel expenses	1,670	1,809

29. RISK POLICIES

Exposure to various risks arises in the normal course of CTP's business. These risks include credit risk, capital risk, operational risk, market risk including foreign currency risk, interest rate and liquidity risk.

Credit risk
Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to CTP. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit over a certain amount. CTP usually does not require collateral from its tenants. For most of the tenants, a parent company guarantee or a solvent tenant group company guarantee is in place.

Investments can be made only in liquid securities and only with counterparties that have a credit rating equal to or better than CTP. Given their high credit ratings, the management does not expect any counterparty to fail to meet its obligations.

As at the reporting date there were no significant concentrations of credit risk towards third parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. CTP has bank accounts with prestigious banking institutions, where no risk is expected. CTP monitors regularly the financial position of the related parties and the related credit risk.

Credit risk concentration:

In EUR thousand	2017	2016
Amounts due from banks	59,313	64,417
Amounts due from financial derivatives	3,859	608
Amounts due from related parties	22,600	36,000
Amounts due from third parties	48,331	35,785
Amounts due from tax institutions	24,263	18,305
Total	**158,366**	**155,115**

CTP discloses significant amounts of receivables towards related parties. Receivables towards related parties are partly covered by the liabilities to related parties and assets held by the related parties. If the related parties breach the repayment of CTP receivables and CTP is not able to set off receivables against liabilities, CTP will be exposed to significant credit risk. CTP does not expect breach of repayment.

Capital risk
CTP's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. CTP manages its capital to ensure that entities in CTP will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. CTP's overall strategy remains unchanged compared to 2016.

CTP as property investor is mainly influenced by the fact that it leverages its project financing by using bank debts. There is no real seasonality impact on its financial position but rather the volatility of financial markets that might positively or negatively influence CTP's financial position.

The capital structure of CTP consists of a debt, which includes the borrowings disclosed in note 23.

Gearing ratio:
Gearing ratio calculated below compares debt to equity where a debt is defined to be the sum of long-term and short-term liabilities and equity includes all capital and reserves of the Group including non-controlling interests.

In EUR thousand	2017	2016
Debt	2,649,839	2,195,692
Equity	1,736,121	1,434,233
Gearing ratio	**153%**	**153%**

The loan to value (value is the fair value of the properties) ratio of CTP properties (calculated as a share of interest bearing loans from financial institutions and lease payables on investment property, investment property under construction and plant and equipment) is approximately 49 % at 31 December 2017 (2016 – 51 %) that is seen as appropriate within the financial markets where CTP is operating.

As the properties are leased for a long period and CTP agreed with its financial institutions long-term financing, CTP expects to fulfill financial covenants in the future.

Operational risk
Operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss from external events. CTP assesses these risks on a regular basis and undertakes measures aimed at systematic detection and minimizations of these risks. During 2017, operational risk management activities concentrated on improving the management information systems containing information about individual projects and related legal documentation.

With respect to areas with an identified significant risk, CTP operates a set of key risk indicators that serve as an early-warning system and as a measurement of operational risks taken.

Market risk
Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect CTP's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

Foreign currency risk
Currency risk is managed mainly by making, when possible, investments in the same currency as the financing sources utilized. The currency risk during the period of repayment of liabilities to third parties is usually offset by generating revenues denominated in the same underlying currency. CTP pays for buildings in CZK and therefore has foreign currency risk during the construction period. CTP uses derivative financial instruments (FX forwards) to hedge against the exposure to foreign currency risk arising on forecast transactions.

As at 31 December 2017 CTP analyzed the impact of the foreign exchange rate variances on its assets and liabilities and on its statement of comprehensive income. The impact would not be significant as a majority of financial instruments is denominated in EUR.

Interest rate risk
The interest rate risk arises mainly from the floating interest rates applicable to debt financing. Bank loans usually have flexible interest rates based on EURIBOR or PRIBOR rates for the reference period from 1 months to 6 months increased by a fixed margin. In 2017 and 2016, CTP entered into transactions with the financial institutions to hedge the interest rate risk (refer to note 25). CTP mitigated the interest rate risk by holding interest rate swaps, interest rate caps and interest rate collars.

Liquidity risk
Liquidity risk is the risk that CTP will not be able to meet its financial obligations as they fall due. With respect to the nature of its business and its assets, CTP is naturally exposed to a certain amount of liquidity risk. CTP manages liquidity risk by constantly monitoring forecast and actual cash flow, financing its investment property portfolio by long-term financing, and refinancing where appropriate, and to use the rent income to settle the short-term liabilities.

Sensitivity analysis on changes in assumptions of investment property valuation
CTP performed a sensitivity analysis on changes in investment property valuation except for land bank investment property. The table below presents the sensitivity of profit and loss before tax as at 31 December 2017 and 31 December 2016 due to changes in assumptions:

Completed investment properties as at 31 December 2017 in EUR thousand

	Current average yield	Current market value	Increased yield by 25bp	FMV based upon increased yield	Effect of increase in yield by 25bp
Increase of 25bp in reversionary yield	7.19%	3,624,978	7.44%	3,503,105	-121,873

	Current average yield	Current rental income	Decrease rental income by 5bp	FMV based upon decreased rental income	Effect of decrease in rental income by 5bp
Decrease of 5bp in estimated rental income	7.19%	260,489	247,465	3,443,729	-181,249

Completed investment properties as at 31 December 2016 in EUR thousand

	Current average yield	Current market value	Increased yield by 25bp	FMV based upon increased yield	Effect of increase in yield by 25bp
Increase of 25bp in reversionary yield	7.95%	2,985,757	8.20%	2,894,719	-91,038

	Current average yield	Current rental income	Decrease rental income by 5bp	FMV based upon decreased rental income	Effect of decrease in rental income by 5bp
Decrease of 5bp in estimated rental income	7.95%	237,345	225,478	2,836,469	-149,288

Fair value
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are obtained, as appropriate, from quoted market prices, discounted cash flow projections and other valuation models.
To estimate the fair value of individual classes of financial instruments, the following methods and assumptions are used:

Cash and cash equivalents, short-term investments
The book value of cash and other short-term investments approximates their fair value, as these financial instruments have a relatively short maturity.

Receivables and payables
The book value of short-term receivables and payables approximates their fair value, as these financial instruments have a short maturity.

Short-term loans
The book value approximates their fair value, as these instruments have a floating interest rate and a short maturity.

Long-term loans
The book value of long-term loans and other liabilities with different interest rates approximates their fair values.

Derivatives
The fair value of derivatives is based on their market value.

Investment property
Investment property is stated at fair value based upon a discounted cash flow calculation for a 10-year period. The cash flow assumes a 10-year holding period with the exit value calculated on the 11th year income (refer to note 5b).

Investment property under development
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (refer to note 5c).

30. CONTINGENT LIABILITIES

Real estate transfer tax
All real estate transactions in the Czech Republic are subject to a 4% real estate transfer tax, with the exception of share-based transactions. The management expects that investment property will be held, or, when disposed of, only as a share-based transaction. Therefore, no provision for real estate transfer tax is recorded.

Issued guarantees
CTP Property N.V. and CTP Invest, spol. s r.o. as guarantors issued a corporate guarantee up to an amount of EUR 20,000 thousand (2016 – EUR 20,000 thousand) for debts arising from the loan from Landesbank Hessen-Thüringen Girozentrale received by the 100% subsidiary of CTP Property Lux S.a.r.l., i.e. CTP Property, a.s.

31. PLEDGES

Shares in some of the subsidiaries are pledged in favour of the financing institutions for securing the bank loans received by them. As at the date of these financial statements the shares in the following companies are pledged:

Company	Shares pledged in favour of
CTP Property XVII, spol. s r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Property XX, spol. s r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Products I, spol. s r.o.	Všeobecná úvěrová banka, a.s.
CTP Invest X, spol. s r.o.	Oberbank AG pobočka Česká republika
2P, s.r.o.	Raiffeisenbank, a.s.
Hotel Operations Plzeň s.r.o.	Raiffeisenbank, a.s.
CTP Karviná, spol. s r.o.	Raiffeisenbank, a.s.
Europort Airport Center a.s.	MONETA Money Bank, a.s.
Hotel Operations EUROPORT s.r.o.	MONETA Money Bank, a.s.
CTPark Alpha Kft	UniCredit Bank Hungary ZRT.
CTP Property Poland I Sp. z o.o.	PPF banka a.s.
CTP Property XVI, spol. s r.o.	Landesbank Hessen - Thuringen Girozentrale (50%) + Deutsche Pfandbriefbank AG (50%)
CTP Plzeň III, spol. s r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP, spol. s r.o.	ING Bank N.V.
CTP Property, a.s.	Landesbank Hessen - Thuringen Girozentrale
CTP Property II, a.s.	Raiffeisenlandesbank Niederösterreich-Wien AG
CTP Property IV s.r.o.	ING Bank N.V.
CTP Property V, a.s.	Komerční banka, a.s.
CTP Invest VIII, spol. s r.o.	Komerční banka, a.s.
CTP Property VIII, a.s.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Property IX, a.s.	Československá obchodní banka, a. s.
CTP Property X, spol. s r.o.	Československá obchodní banka, a. s.
CTP Property XIV, spol. s r.o.	Česká spořitelna, a.s.
CTP Property XVIII, spol. s r.o.	Raiffeisenbank a.s.
CTP Property XXI, spol. s r.o.	Československá obchodní banka, a. s.
CTP Property XXII, spol. s r.o.	Komerční banka, a.s.
CTP Invest V, spol. s r.o.	Raiffeisenbank a.s.
Hotel Operations Brno, spol. s r.o.	Raiffeisenbank a.s.
CTP Invest VII, spol. s r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Invest IX, spol. s r.o.	Raiffeisenlandesbank Niederösterreich-Wien AG
CTP Brno I, spol. s r.o.	Česká spořitelna, a.s.
CTP Divišov I, spol. s r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Hranice II, spol. s r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Plzeň I, spol. s r.o.	Česká spořitelna, a.s.
CTP Pohořelice I, spol. s r.o.	ING Bank N.V.
CTPark Bor, spol. s r.o.	Landesbank Hessen - Thuringen Girozentrale (50%) + Deutsche Pfandbriefbank AG (50%)
CTPark Brno Campus s.r.o.	Komerční banka, a.s.
CTPark Mladá Boleslav II, spol. s r.o.	Raiffeisenbank a.s.
CTPark Prague East, spol. s r.o.	Československá obchodní banka, a. s.
CTFinance, spol. s r.o.	Česká spořitelna, a.s.
CTZone Brno, a.s.	Komerční banka, a.s.
CTPark Prague North, spol. s r.o.	Česká spořitelna, a.s.
Spielberk Office Center, spol. s r.o.	Raiffeisenbank a.s.
CTP Alpha SK, spol. s r.o.	Tatra banka, a.s.
CTPark Bratislava, spol. s r.o.	UniCredit Bank Czech Republic and Slovakia, a.s.
CTP Slovakia, s.r.o.	Tatra banka, a.s.
Nitra park II, s.r.o	Tatra banka, a.s.
CTPARK ALPHA S.R.L.	Raiffeisen Bank S.A.
CTPARK BETA S.R.L.	Banca Comerciala Romana S.A.
CTPark Bucharest SRL	BRD-Groupe Société Générale S.A. + Komerční banka, a.s.
CTPark Bucharest West I SRL	EBRD + Banca Comerciala Romana SA
DEVA LOGISTIC CENTER SA	Banca Comerciala Romana S.A.
H.E.E. (MERCURY) PROPRIETATI SRL	Banca Transilvania SA
CTPark Beta, Kft.	RAIFFEISEN BANK ZRT.
CTPark Gama, Kft.	RAIFFEISEN BANK ZRT.
COPOK s.r.o.	ING Bank N.V.
LORNOKA REAL ESTATE s.r.o.	PPF banka a.s.

Pledges (cont.)

Company	Shares pledged in favour of
CTPark Delta Kft.	K & H Bank Zrt.
CTP Property XI, spol.s r.o.	ING Bank N.V.
CTPark Biatorbágy, Kft.	K & H Bank Zrt.
CTPark Arrabona, Kft.	OTP Bank Nyrt.
CTPARK GAMMA S.R.L.	BRD-Groupe Société Générale S.A. + Komerční banka, a.s.
EP Karvina s.r.o.	Raiffeisenbank, a.s.
EP Kadan s.r.o.	Raiffeisenbank, a.s.
CENTURA PROPERTY HOLDING S.A.	Banca Transilvania SA
CTPark Delta Kft.	Banca Comerciala Romana SA
CTP ALPHA POLAND SP. Z O.O.	Bank Polska Kasa Opieki S.A.
CTPARK SIGMA SRL	Bancpost SA
CTPARK KAPPA SRL	Alpha Bank SA
CTPARK LAMBDA SRL	Banca Transilvania SA
CTP Teplice II, spol. s r.o.	Raiffeisenbank, a.s.
CTP Plzeň V, spol. s r.o.	Komerční banka, a.s.
CTP Plzeň IV, spol. s r.o.	Československa obchodní banka, a.s.
CTP Invest SK, spol. s r.o.	Československa obchodná banka, a.s.
CTP Teplice I, spol. s r.o.	Raiffeisenlandesbank Niederösterreich-Wien AG
CTPARK OMEGA SRL	Garanti Bank

32. SUBSEQUENT EVENTS

Loan agreements

Czech Republic

CTP signed a loan agreement on 2 February 2018 with Oberbank AG pobočka Česká republika for financing of the construction of project UST 1 in CTPark Ústí nad Labem up to an amount of EUR 6,000 thousand.

CTP signed a loan agreement on 2 March 2018 with UniCredit Bank Czech Republic and Slovakia, a.s. for financing of the construction of several projects in CTPark Aš, CTPark Humpolec II and CTPark Cheb up to an amount of EUR 34,230 thousand.

CTP signed a loan agreement on 2 March 2018 with Raiffeisenbank, a.s. for financing of the construction of project NO 1 in CTPark Nošovice up to an amount of EUR 10,800 thousand.

CTP signed a loan agreement on 11 April 2018 with Raiffeisenlandesbank Niederösterreich-Wien AG for financing of the construction of project K7 CTPark Teplice up to an amount of EUR 4,310 thousand.

CTP signed a loan agreement on 28 May 2018 with Komerční banka, a.s. to refinance the loan facility provided previously by this bank. The loan agreement amounts up to EUR 35,000 thousand.

Slovakia

CTP signed a loan agreement on 7 March 2018 with Tatra banka, a.s. for the construction of project ZG 2 (unit A) in CTPark Žilina and particularly up to an amount of EUR 2,558 thousand.

Romania

CTP signed a loan agreement on 5 January 2018 with Raiffeisen Bank S.A. for the construction of two buildings nearby Bucharest. The loan agreement amounts up to EUR 42,607 thousand.

CTP signed a loan agreement on 22 March 2018 with ING Bank N.V. and European Bank for Reconstruction and Development to refinance the loan facility originally provided by BRD-Groupe Société Générale S.A. and Komerční banka, a.s.. The loan agreement amounts up to EUR 95,995 thousand.

Hungary

CTP signed a loan agreement on 12 April 2017 with Kereskedelmi és Hitelbank Zrt. for financing of an industrial project in CTPark Biatorbágy. Loan agreement of the amount up to EUR 11,812 thousand.

Subsidiaries
In 2018 the Group incorporated the below subsidiaries:

Subsidiary	Country
CTP Property XXXI, spol. s r.o.	Czech Republic
CTP Property XXXII, spol. s r.o.	Czech Republic
CTPark Nove Mesto, spol. s r.o.	Slovakia
CTP Beta doo Beograd-Novi Beograd	Serbia
CTP Gamma doo Beograd-Novi Beograd	Serbia
CTP Delta doo Beograd-Novi Beograd	Serbia
CTP Invest XVII, spol. s r.o.	Czech Republic
CTP Invest XVIII, spol. s r.o.	Czech Republic
CTP Invest XIX, spol. s r.o.	Czech Republic
CTP Invest XX, spol. s r.o.	Czech Republic
CTPark Nine Kft.	Hungary

In first half year 2018, the CTP purchased 100% share in CTPark Prague North II, spol. s r.o. (formerly Accolade CZ V, s.r.o., člen koncernu) and CTPark Ten Kft. (formerly M7 Distribution Center Kft) from third party for the total consideration of EUR 2,250 thousand and EUR 23 thousand, respectively.

Further CTP acquired two dormant Companies in Slovakia (Bercer s.r.o. and True voices s.r.o.) for EUR 4 thousand each.

Group structure
The management of the Group has initiated several processes of spin-off in location Brno with effective date as of 1 January 2018 from the following companies:
CTP Divišov I, spol. s r.o. – new spin off entity CTP Brno II, spol. s r.o.
CTP Property II, a.s. – new spin off entity CTP Brno III, spol. s r.o.
CTP Invest IX, spol. s r.o. – new spin off entity CTP Brno IV, spol. s r.o.
CTP Property V, a.s. – new spin off entity CTP Brno V, spol. s r.o.

CTP is not aware of any other events that have occurred since the statement of financial position date that would have a material impact on this financial information as at 31 December 2017.

25 June 2018

Remon L. Vos, FRICS

Jan G. Koop

Appendix 1
CTP Group structure

As at December 31, 2017

Multivest B.V.
Mr. Remon Vos
50%

Finspel B.V.
Stichting Administrati ekantoor Finspel B.V.
50%

99.98% (0.02% Multifin B.V.)

CTP Invest, spol. s r.o.
Property Development, Asset Mgmt.

CZECH REPUBLIC

CTP Property XVII, spol. s r.o.
100%

CTP Karviná, spol. s r.o.
100%

2P, s.r.o.
100%

↳ **Hotel Operations Plzeň s.r.o.**
90% (10% CTP Invest spol. s r.o)

Europort Airport Center a.s.
100%

↳ **Hotel Operations EUROPORT s.r.o.**
90% (10% CTP Invest spol. s r.o)

CTP Property XX, spol. s r.o.
100%

CTP Plzen III, spol. s r.o.
100%

LORNOKA REAL ESTATE, s.r.o.
100%

CTP Property XVI, spol. s r.o.
100%

COPOK s.r.o.
100%

CTP Products I, spol. s r.o.
100%

CTP Invest X, spol. s r.o.
100%

DUNSTAR a.s. L
83.33% % (16.67% CTPark Prague North, spol. s r.o.)

Brno Retail, spol. s r.o. L
100%

Bor Logistics, spol. s r.o. L
100%

CTP Invest 1, spol. s r.o. L
100%

Bohemia Pilz s.r.o. L
100%

CTP Property XIX, spol. s r.o. L
100%

CTP Property XXIII, spol. s r.o. L
100%

CTP Invest XVI, spol. s r. o. L
100%

CTP Invest XII, spol. s r.o. L
100%

CTP Invest III, spol. s r.o. L
100%

CTPersonnel Bor, spol. s r.o. L
100%

CTP Invest XI, spol. s r.o. L
100%

CTP Invest XIV, spol. s r.o. L
100%

Kaufpark a.s. L
100%

Waystone CZ s.r.o. L
100%

Multidisplay s.r.o. E
100%

CTP Property XXVI, spol. s r.o. E
100%

CTP Invest XV, spol. s r.o. E
100%

HUNGARY

CTP Invest Hungary Kft.
100%

↳ **CTPark Alpha, Kft.**
100%

↳ **CTPark Beta, Kft.**
100%

↳ **CTPark Gamma, Kft.**
100%

CTPark Biatorbágy, Kft.
100%

CTPark Delta Kft.
100%

CTPark Arrabona, Kft.
100%

CTPark Seven Kft. L
100%

CTPark Eight Hft. E
100%

CTP Management Hungary, Kft. E
100%

POLAND

CTP PROPERTY POLAND I SP. Z O.O.
100%

GREENPARK RESI I sp. z o.o. E
100%

GREENPARK RESI II sp. z o.o. E
100%

CTP INVEST POLAND SP. Z O.O. E
100%

A18 ESTATE Sp. z o.o. E
100%

UKRAINE

CTP Ukraine LLC E
100%

↳ **CTPark Lviv LLC** L
99%, (1% IQ Lviv LLC)

↳ **IQ Lviv LLC** E
99%, (1% Czech Invest)

ROMANIA

CTP CONTRACTORS SRL E
99.9% (0.1% CTP Property Lux S.à r.l.)

SERBIA

CTP Invest doo Beograd-Novi Beograd E
100%

CZECH REPUBLIC

CTP ENERGY TR, A.S. E
100%

NETHERLANDS

MULTIFIN B.V.
100%

↳ **Jade-Shipping Betriebs GmbH & Co. KG.**
60%

↳ **Jade-Shipping I GmbH**
60%

↳ **Jade Dienst GmbH**
88%

↳ **VU1 CORPORATION**
< 5.0%

↳ **BOMAN B.V.** E
100%

↳ **MaVo Lux S. À r.l.** E
100%

↳ **CTP Solar, a.s.** E
100%

Employees & Partners

98.85% | 1.15%

CTP Partners N.V.

96% | 4%

CTP Property N.V.
Netherlands

CTP Property Lux S.à r.l.
Luxemburg
100%

CZECH REPUBLIC

- **CTP Property XVIII, spol. s r.o.** 100%
- **CTPark Mladá Boleslav II, spol. s r.o.** 100%
- **CTP INVEST V, spol. s r.o.** 100%
  - **Hotel Operations Brno, spol. s r.o.** 100%
- **CTZone Ostrava, a.s.** 100%
- **Spielberk Office Center, spol. s r.o.** 100%
- **EP Kadan, spol. s r.o.** 100%
- **EP Karviná, spol. s r.o.** 100%
- **CTP Teplice II, spol. s r.o.** 100%
- **CTP Teplice I, spol. s r.o.** 100%
- **CTP Plzeň II, spol. s r.o.** 100%
- **CTP Louny, spol. s r.o.** 100 %
- **CTP Invest IX, spol. s r.o.** 100%
- **CTP Property II, a.s.** 100%
- **CTPark Prague North, spol. s r.o.** 100%
- **CTFinance s.r.o.** 100%
- **CTP Brno I, spol. s r.o.** 100%
- **CTP Plzeň I, spol. s r.o.** 100%
- **CTP Property XIV, spol. s r.o.** 100%
- **CTP Pohořelice I, spol. s r.o.** 100%
- **CTP, spol. s r.o.** 100%
- **CTP Property XI, spol. s r.o.** 100%
- **CTP Property IV s.r.o.** 100%
- **CTP Property, a.s.** 100%
- **CTP Property XXII, spol. s r.o.** 100%
- **CTPark Brno Campus s.r.o.** 100%
- **CTP Property V, a.s.** 100%
  - **CTP Invest VIII, spol. s r.o.** 100%
- **CTZone Brno, a.s.** 100%
- **CTP Plzen V, spol. s r.o.** 100%
- **CTP Plzen IV, spol. s r.o.** 100%
- **CTP Property IX, a.s.** 100%
- **CTP Property X, spol. s r.o.** 100%
- **CTP Property XXI, spol. s r.o.** 100%
- **CTPark Prague East, spol. s r.o.** 100%
  - **KOMERČNÍ ZÓNA NUPAKY, s.r.o.** L 100%
- **CTP Invest VII, spol. s r.o.** 100%
- **CTP Divišov I, spol. s r.o.** 100%
- **CTP Hranice II, spol. s r.o.** 100%
- **CTP Property VIII, a.s.** 100%
  - **CTP Invest XIII, spol. s r.o.** 100%
- **CTPark Bor, spol. s r.o.** 100%
- **CTP Property XXVII, spol. s r.o.** L 100%
- **CTP Invest IV, spol. s r.o.** L 100%
- **CTP Property XXVIII, spol. s r.o.** L 100%
- **CTP Infrastructure, a.s.** E 100%
- **CTP Property III, a.s.** E 100%
- **CTP Finance, a.s.** E 100%
- **CTP Property XXIX, spol. s r.o.** E 100%
- **CTP Property XXX, spol. s r.o.** 100%

SLOVAKIA

- **CTP Alpha SK, spol. s r.o.** 90% (10% CTP Property N.V)
- **CTP Slovakia, s.r.o.** 90% (10% CTP Invest, spol. s r.o.)
  - **Nitra park II, s.r.o.** 100%
- **CTPark Bratislava, spol. s r. o.** 85% (15% CTP Invest, spol. s r.o.)
- **CTP Invest SK, spol. s r.o.** L 90% (10% CTP Property N.V.)
- **CTP Beta SK, spol. s r.o.** E 90% (10% CTP Property N.V.)
- **CTPark Nitra, s.r.o.** E 90% (10% CTP Invest, spol. s r.o.)

GERMANY

- **CTP Germany GmbH** 100%
  - **DN Beteiligungs GmbH** 90% (10% CTP Invest, spol. s r.o.)
  - **TGM GmbH** E 90% (10% CTP Invest, spol. s r.o.)

AUSTRIA

- **CTP Immobilienverwaltung GmbH** 99% (1% CTP Invest, spol. s r.o.

SLOVENIA

- **CTP Ljubljana d.o.o.** L 100%
- **CTPark Alpha d.o.o.** E 100%

BULGARIA

- **CTPark Alpha, EOOD** E 100%

POLAND

- **CTP ALPHA POLAND SP. Z O.O.** 100%

ROMANIA

- **DEVA LOGISTIC CENTER SA** 99% (1% CTP Invest, spol. s r.o.)
- **CTPARK BUCHAREST WEST I S.R.L.** 90.48% (9.52% CTP Invest, spol. s r.o.)
- **CTPARK BETA SRL** 99.99796% (0.00204% Spielberk Office Center, spol. s r.o.)
- **CTPARK BUCHAREST SRL** 93.09779111% (6.90220889% CTP Invest, spol. s r.o.)
- **H.E.E. (MERCURY) PROPRIETATI SRL** 99.99994% (0.00006% CTP Invest, spol. s r.o.)
- **CENTURA PROPERTY HOLDING S.A.** 99.9845% (0.0155% CTP Invest, spol. s r.o.)
- **CTP INVEST BUCHAREST SRL** L 98.94% (1.06% Spielberk Office Center, spol. s r.o.)
  - **CTPARK ALPHA SRL** 100%
  - **CTPARK GAMMA SRL** 99.9998% (.0002% CTP Invest, spol. s r.o.)
  - **CTPARK DELTA SRL** 95% (5% CTP Invest, spol. s r.o.)
- **CTPARK ZETA SRL** E 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK ETA SRL** E 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK KAPPA SRL** 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK LAMBDA SRL** 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK OMEGA SRL** 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK SIGMA SRL** 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK THETA SRL** E 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK PHI SRL** E 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK PSI SRL** E 99.9% (0.1% CTP Invest, spol. s r.o.)
- **CTPARK TAU SRL** E 99.9% (0.1% CTP Invest, spol. s r.o.)

SERBIA

- **CTP Alpha doo Beograd-Novi Beograd** E 100%

E **Empty Company**
L **Landbank**


Linde
Linde
N 20
N 20

A fleet of forklifts waiting for the launch of operations immediately after hand-over. With 20 years of experience, we know how to deliver a building exactly to our client's expectations such that, at move-in, clients can simply walk in and 'plug and play'.


VOLVO
Lenze
Valeo

CTPark Humpolec—the site of CTP headquarters and first industrial park—was selected as the first building for CTP's Art Wall competition. In June 2017, CTP invited mural artists to submit concepts for realisation on the walls of our large buildings. The facades of the BJS building at CTPark Humpolec were realised during September 2017. Here the artist is putting the finishing touches on the southern corner (far right).

Long-term CTP client IAC moved to CTPark Přeštice in Slovakia in 2015 with a custom-built 18,000 m² production and distribution building. In November 2017, they moved into a 13,000 m² expansion facility and an additional 4,400 m² building in April 2018. IAC was the first client at our first park in Poland, CTPark Opole, and opened its 22,000 m² production facility there in November 2017.


CRANES
40.0 t I/II
+C28
RHYTEMPER

Looking forward, we will continue to professionalise our workforce, invest in the modernisation of our older properties, and develop new buildings that meet our clients' needs. CTP is currently on target to reach its goal of adding 1 million m² to the portfolio yearly, thanks to solid business fundamentals throughout CEE and, most importantly, to existing clients who are growing their CEE operations with us.

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