

27 November 2014

Press Release

Release of Q3 2014 financial information

Strengthening of the capital structure and redefining of the Company's business strategy

Key recent events

- Reserved capital increase: On 10 November 2014, the Board of Directors of ORCO PROPERTY GROUP (the "Company") resolved to raise EUR 59.2 million through an implementation of reserved capital increase, whereby 200 million of new ordinary Company shares were issued at a subscription price of EUR 0.296 per share on 10 November 2014. The new shares, having a par value of EUR 0.10 each, were subscribed as follows: (i) 100 million new shares were subscribed for a total subscription price of EUR 29.6 million by ASPLEY VENTURES LIMITED, British Virgin Islands, an entity closely associated with Mr. Pavel Spanko, and (ii) 100 million new shares for a total subscription price of EUR 29.6 million were subscribed by FETUMAR DEVELOPMENT LIMITED, Cyprus, an entity closely associated with Mr. Jan Gerner.

The corporate share capital of the Company has been increased from EUR 11,450,762.90 represented by 114,507,629 shares to EUR 31,450,762.90 represented by 314,507,629 shares. The total number of shares comprising the share capital of the Company as well as the total number of voting rights attached thereto is 314,507,629 as of today.

As a consequence of this capital increase, each of the new shareholders held 100 million shares representing 31.80 % of the voting rights of the Company immediately after the capital increase. As of 10 November 2014, GAMALA LIMITED, an entity closely associated with Mr. Radovan Vitek, directly held 35.2 million shares, representing 11.19 % of the voting rights of the Company.

- Amended terms of the "New Notes": A general meeting of the holders of the notes registered under ISIN Code XS0820547742 (the "Notes") issued on 4 October 2012 by the Company was held on 9 October 2014 in Luxembourg. At the meeting the holders of the Notes approved certain amendments to the terms and conditions of the Notes. The amendment of the terms and conditions of the Notes, which became effective after its acceptance by the Company on 7 November 2014 includes, inter alia, the decrease of the interest rate applicable to the Notes to 7% per annum, the extension of the maturity to five years, the implementation of the guarantee by CPI PROPERTY GROUP ("CPI") for 3% p.a. fee, and the change of the law governing the Notes from Luxembourg law to English law. The repayment terms were changed to one-off bullet payment at the maturity date as opposed to the previously applicable amortization payments (25% of the principal amount of the Notes due on 28 February 2015, 2016 and 2017 with the remaining outstanding principal amount due on the maturity date of 28 February 2018). As such, the Company will not have to pay approximately EUR 19.4 million on 28 February 2015.

The outstanding principal of the Notes, including capitalized interest, amounted to EUR 80,047,775 as of 7 November 2014. In relation to the restatement of the Notes the Company paid the following amounts to the holders of the Notes on 7 November 2014: (i) EUR 751,709 as interest, and (ii) a EUR 198,017 as "amendment fee". On 14 November 2014 the Company proceeded with "Mandatory Prepayment on Zlota Disposal" under the terms and conditions of the Notes. The prepayment in the amount of EUR 12,757,697.52 decreased the outstanding principal of the Notes from EUR 80,047,775 to EUR 67,290,077.48.

- Redefining of the strategy: Further to the amendment of the Notes, the capital increase, and in order to take advantage of a competitive excellence in development properties throughout CEE and a good land bank, the Company's Board of Directors resolved to redefine the Company's strategy and to focus on development projects. The Company is targeting to invest proceeds from the capital increases to acquisition of development projects. Strengthening of the capital structure aligned with decreasing loan-to-value ratio provides additional debt capacity required for financing of the Company's existing and future projects.
- Acquisition of development projects: In line with its new strategy, the Company completed on 12 November 2014 an acquisition of four development projects in the Czech Republic, counting approximately 186 thousand square meters of developable land area. The projects were acquired in a portfolio transaction as a share deal for total consideration of EUR 44.0 million. The purchase price was paid on closing as follows: (i) EUR 37 million was paid in cash and (ii) EUR 7 million by transfer of liquid financial assets. These future projects, developable in the coming years, will be a mix of residential, office, hospitality and retail premises. Together with its core asset Bubny, the new projects are a solid base for utilising the Company's excellent track record in development business.

Three of the land plots acquired in the transaction are situated in Prague, Czech Republic, which is the area where the Company concentrated its development activities in the past and a market with promising growth potential recognised by many real estate firms.

First project is situated in Prague 9 and its aim is to construct an office building with a net leasable area of 7,571 sqm and four apartment buildings with a net saleable area of 8,995 sqm. Total gross development costs are estimated in the amount of EUR 19.3 million. Zoning decision and building permits are about to be received and the start of the construction works is expected in 2017.

The second project is also located in Prague 9 and aims to develop an office building and a hotel. The net leasable area of the office is planned of 84,291 sqm and the net leasable area of the hotel should be 8,945 sqm. Total gross development costs will achieve EUR 91.3 million. Zoning decision and building permit has already been received and project should be launched in 2017.

The objective of the third project, located in Prague 3, is to develop a residential building with a net saleable area of 13,700 sqm and a small retail space of 850 sqm with gross development costs of EUR 14.1 million. Zoning decision and building permits should be received next year and the commencement of the project is expected in 2016.

The fourth project encompasses an extensive site in the city centre of Pardubice, Eastern Bohemia, ready for development of buildings with mixed use – administrative and residential buildings – with total area of about 70,000 sqm and estimated gross development costs of about EUR 85.0 million. Zoning decision and building permits are expected to be received within 2 years and project should be launched in 2017.

- **Changes in the Board of Directors of the Company and management:** Two board members, Mr. Radovan Vitek and Mr. Tomáš Salajka, resigned from the Board of Directors on 10 November 2014. Mr. Salajka also resigned from its position of CEO of the Company. On 12 November 2014, the Board of Directors appointed Mr. Jiří Dederá as the new CEO. Prior to his appointment, Mr. Dederá served as a Deputy CEO and has also been Director of the Company. Following the changes in the Company's shareholding structure, Mr. Pavel Spanko has been co-opted to the Board of Directors on 12 November 2014. In November 2014 the Company and Mr. Yves Désiront announced that they mutually agreed to terminate their cooperation. Mr. Désiront's position of Group CFO was terminated with immediate effect. The role of the interim Group CFO was taken over by Mr. Dederá.
- **Disposal of Zlota 44 project:** On 27 August 2014 the Company entered into an agreement concerning a disposal of its stakes in the Zlota 44 project in Warsaw. The transaction with a subsidiary of international consortium of AMSTAR and BBI Development comprised of the disposal of shares that the Company held in the Zlota 44 project entity as well as of the disposal of loan receivables that the Company acquired from Bank Polska Kasa Opieki S.A. The aggregate gross transaction price is EUR 63 million in cash; partially payable upon completion of transfers and partially deferred upon the realization of certain conditions, notably the outcome of disputes pending at Zlota 44 level with the former general contractor and potential indemnities provided to the buyer in that respect.
- **Subscription of shares in CPI:** In June 2014, the Company disposed of 108.4 million of CPI shares for a total consideration of EUR 55.0 million in order to obtain funds to facilitate orderly disposal of its Zlota 44 project in Warsaw (for further details please refer to "Release of H1 2014 financial information" issued on 28 August 2014). The Company used part of the Zlota 44 proceeds to re-acquire some of CPI shares at more favorable terms. In September 2014, the Company subscribed for 65,957,446 new CPI shares at a subscription price of EUR 0.47 per share, EUR 31 million in aggregate. To ensure the liquidity for satisfaction of the future liabilities, the Company and Mr. Radovan Vitek entered into a put option agreement concerning the disposal of the shares. Pursuant to the terms of the put option agreement the Company has right to request Mr. Vitek, major shareholder of CPI, to purchase the CPI shares held by the Company, or their portion, upon a written request of the Company. The put option agreement is valid for 2 years. Following the subscription, the Company's direct and indirect shareholding in CPI increased from 3.19% represented by 93,175,451 shares to 5.33% represented by 159,132,897 shares.
- **Successful residential projects:** In November 2014, the Company (together with its joint partner GECG) launched the sale of apartments in its successful residential project Slunečný vršek in Prague, Czech Republic. The construction of the fifth, last project phase counting 80 units is deemed to commence in the spring 2015 and shall be completed until the autumn 2016. 101 out of 151 units have been pre-sold in the fourth phase of Slunečný vršek project, which is currently under development.

Another Prague project, V Mezihoří, has been almost fully sold over 2014, with 99% of units delivered as of today.

- **Delisting of Company shares from Prague Stock Exchange ("PSE"):** In September 2014, the PSE accepted Company's request and issued a decision concerning delisting of the Company shares. All ordinary shares (ISIN code: LU0122624777) of the Company were delisted from the regulated market of the PSE as of 22 September 2014. The last trading day was 19 September 2014. The Company shares are currently listed and traded on the regulated markets of NYSE Euronext in Paris and Warsaw Stock Exchange.
- **Hungarian assets in pre-bankruptcy:** After the opening of insolvency reorganization proceedings on Hungarian subsidiaries holding Paris Department Store, Vaci 1 and Szervita assets in Budapest, the Company entered into negotiations with the creditors on the restructuring plan. As part of settlement the Company paid EUR 9 million for the waiver of its corporate guarantees and for the release of cross collateral pledges on Vaci 188 project in Budapest. The restructuring plans, incorporating the disposal of the real estate assets were prepared and approved by the creditors meetings held on 18 November 2014. Subsequently the restructuring plans were submitted for the approval of the court.
- **Suncani Hvar:** On the 30 October 2014 Suncani Hvar ("SHH") published a revised pre-bankruptcy plan for its financial restructuring. The new plan is based on continuous negotiations with SHH major shareholders – the Company, Prime Tourist Resorts, and various bodies of the Republic of Croatia, who are as well the largest SHH creditors. The main guidelines of the new plan are the following: complete write off of the interests, recapitalization of shareholders per pro rata model and a reduction of SHH capital at the nominal share price of 20 HRK per share from the existing 40 HRK per share, in order for SHH to cover losses which have been carried forward. By the adoption of this financial restructuring plan, the total debt of SHH would decrease by HRK 272.4 million, or 47.46%, which is the level of debt that SHH could properly settle from operating activities, as it is proven by its business results with a continuous growth for the third year in a row.

The Company is supportive of the new SHH plan and seeks to discuss with other creditors and shareholders concerning their support of the new plan. As of today, the arbitration against CERP, an agency of the Republic of Croatia concerning the shareholding of the Company is SHH is pending.

Q3 2014 Financial highlights

In Q3 2014, the Company achieved significant reduction of operating loss which is mainly attributable to the sale of Zlota 44 project concluded in August 2014. Following the sale, impairment recorded in 2013 was partially reversed in the amount of EUR 47.1 million reflecting the sales price exceeding the net book value of the project. On the other hand, a provision of EUR 11.4 million has been recorded in Q3 2014 in the books of the Company to cover potential indemnities provided to the buyer in respect of the payments claimed by the general contractor.

The operating profit for the first 9 months of 2014 amounts to EUR 21.0 million compared to operating loss of EUR 108.6 million for the 9 months period of 2013. Net loss attributable to the owners of the Company in the amount of EUR 18.3 million (loss of EUR 116.7 million over Q3 2013) has been mainly driven by the negative financial result of EUR 38.4 million.

- Revenue increased year on year to EUR 84.7 million for the 9 months of 2014 compared to EUR 45.2 million over the same period in 2013 (+88% y-o-y). This positive variation arises primarily from the sale of Zlota 44 project contributing by EUR 63.3 million, supported by an increase of sales in residential development. The Prague project V Mezihoří generated revenue of EUR 4.6 million and achieved a positive EBITDA of

EUR 0.6 million. The outstanding evolution of development revenue exceeded decline in commercial activity with the sale of Bubny retail land plot in April 2013 (EUR 20.0 million).

Excluding these two extraordinary sales, the revenue would decrease from EUR 25.2 million in Q3 2013 to EUR 21.4 million in Q3 2014. This decline is mainly attributable to reduction of rental income (EUR -2.5 million y-o-y) which results from disposal of rental assets (Dunaj, Hlubočky) deconsolidation of three Hungarian assets in bankruptcy and declining occupancy rate. Also, the fees for management services provided to Endurance funds decreased by EUR 1.2 million as a result of maturity of the funds and redemption of fund units.

- The operating result remains impacted by indemnity payments for termination agreements concluded in the first half of 2014 (EUR -12.3 million). A provision of EUR 9.0 million has been created for the corporate guarantee provided by the Company to the bank financing the Hungarian assets which entered bankruptcy proceedings. On the other hand, the impairment charge for Zlota 44 project recognised in 2013 (EUR 73.8 million as of Q3 2013) was partially reversed in Q3 2014 in the amount of EUR 47.1 million as a result of the sale.
- The adjusted EBITDA amounts to EUR -3.1 million as at 30 September 2014 compared to EUR 1.1 million in September 2013. The negative evolution of the Adjusted EBITDA is reflecting decreasing revenue.
- The financial result deteriorated by EUR 16.6 million to a loss of EUR 38.5 million as at 30 September 2014 which is caused primarily by the losses recognized upon deconsolidation and disposal of CPI (at that time ORCO Germany S.A.) shares in the amount of EUR 37.7 million and negative revaluation of the Profit Participation Loan provided to the Hospitality JV in the amount of EUR 9.6 million. These losses were partially compensated by a gain from deconsolidation of the Hungarian assets of EUR 25.4 million as a result of derecognition of assets and liabilities with negative net asset value.
- After the sale of Zlota and deconsolidation of leveraged assets, the LTV ratio as at the end of September was considerably lower compared to 31 December 2013 from 58.7% to 49.4% as at 30 September 2014. Total amount of financial liabilities including bonds is EUR 154.2 million as at the end of September in comparison to EUR 633.7 million at the end of 2013.
- The EPRA Net Asset Value per share as of 30 September 2014 is EUR 1.31 compared to EUR 1.92 as at 31 December 2013. Over the first nine months of 2014 the consolidated equity attributable to the owners of the Company decreased by EUR 28.2 million which is due to the loss of the period of EUR 18.3 million and a decrease of equity by EUR 10.3 million as a result of dilution of the shareholding in CPI (at that time ORCO Germany S.A.) before its disposal.

Over the first half of 2014, significant group of activities (both investment properties and hotels) were excluded from the scope of consolidation. These activities contribute to the Company results until the date of loss of control and are presented as discontinued operations. As requested by IFRS and to provide a more reliable view on the development of the Company activities, the consolidated income statement is presented excluding discontinued operations of which net impact is disclosed on separate line. All the comments on the Company financial performance in the communication refer to continuing operations only.

Unaudited income statement

	9 months 2014	9 months 2013 (as restated)
Revenue	84,686	45,155
<i>Sale of goods</i>	<i>72,628</i>	<i>28,786</i>
<i>Rent</i>	<i>6,970</i>	<i>9,037</i>
<i>Hotels and restaurants</i>	<i>1,034</i>	<i>1,823</i>
<i>Services</i>	<i>4,055</i>	<i>5,509</i>
Net gain from fair value adjustments on investment property	(273)	(16,857)
Other operating income	602	729
Net result on disposal of assets	7	686
Cost of goods sold	(71,220)	(24,238)
Employee benefits	(16,278)	(7,621)
Amortization, impairments and provisions	36,671	(93,483)
Operating expenses	(13,199)	(12,970)
Operating result	20,997	(108,599)
Interest expense	(18,058)	(15,860)
Interest income	1,443	4,129
Foreign exchange result	607	(3,483)
Other net financial results	(22,442)	(6,620)
Financial result	(38,450)	(21,834)
Share of profit or loss of entities accounted for using the equity method	(361)	(122)
Loss before income taxes	(17,814)	(130,555)
Income taxes	818	1,176
Loss from continuing operations	(16,996)	(129,379)
Loss after tax from discontinued operations	(2,726)	(13,038)
Net loss for the period	(19,722)	(142,417)
Total loss attributable to:		
Non-controlling interests	(1,442)	(25,691)
Owners of the Company	(18,280)	(116,726)

1 Revenue by segment

Over the first 9 months of 2014, the revenue significantly increased by 87.5% to EUR 84.7 million, driven by development segment.

	Development	Property Investments	Total
YTD Revenue			
As at September 2014	73,054	11,632	84,686
As at September 2013	28,998	16,157	45,155
Variation	44,056	(4,525)	39,531
	151.9%	(28.0)%	87.5%

1.1 Property Investments

The Property Investments' revenue decreased by EUR 4.5 million year-on-year reaching the total of EUR 11.6 million as of September 2014. This decline is affected by reduction of revenue from two disposed assets (Hlubočky in Czech Republic and Dunaj in Slovakia) and three deconsolidated Hungarian assets in bankruptcy.

As a result of disposal of the Endurance fund assets realized in 2013, the revenue from management services decreased by EUR 1.2 year-on-year, amounting to EUR 1.7 million as of September 2014.

Over the 9 months of 2014, the occupancy rate of the CEE portfolio slightly decreased to 54.6%. However there is slight improvement of the occupancy by 1.5% in the last quarter thanks to positive evolution in Prague, namely Na Poříčí. Average rent went slightly up to 9.43 EUR/SQM compared to last year.

Portfolio	GLA (SQM)				Occupancy (%)				Average rent EUR / SQM			
	Sept. 2014	June 2014	March 2014	Sept. 2013	Sept. 2014	June 2014	March 2014	Sept. 2013	Sept. 2014	June 2014	March 2014	Sept. 2013
Prague, Czech republic	60 497	60 497	60 497	73 333	79,4%	76,3%	75,0%	77,0%	8,49	8,92	8,56	7,81
Budapest, Hungary	15 591	15 591	15 591	15 598	10,8%	10,8%	10,8%	10,8%	4,49	4,88	4,37	4,01
Warsaw, Poland	36 598	36 598	36 598	36 598	24,7%	24,7%	32,5%	27,7%	4,98	4,78	4,33	4,37
Capellen, Luxembourg	7 695	7 695	7 695	7 695	91,1%	91,1%	90,2%	90,2%	22,67	22,64	22,60	22,68
CE Portfolio	120 381	120 381	120 381	133 225	54,6%	53,1%	54,7%	56,5%	9,43	9,67	9,17	8,61

Like for like basis, therefore disposals and reclassified assets are not included

Reported lettable area is based on the current technical conditions and excludes an upside from the possible redevelopment

1.2 Development

The main contributor to the increased revenue from development activities over Q3 2014 is sale of Zlota with revenue of EUR 63.3 million. Successful sales in project V Mezihoří contributed by EUR 4.6 million. Sales of residential part of Mostecká project finished in June and generated revenue of EUR 1.4 million. Few of the last units were sold in Benice 1 for EUR 1.9 million.

Over the nine months of 2014, 61 units have been delivered (54 in the Czech Republic, 4 in Poland and 3 in Slovakia). With 36 delivered units, V Mezihoří was by far the biggest contributor. As at 30 September 2014, 99 % of apartments in this project were delivered to clients, the remaining undelivered units are under the contract and expected to be delivered by the end of this year. Another successful project, Benice 1 is almost sold out (88% of the units were delivered to clients). Based on very good sales result, other projects are currently under review with the main focus on the projects in the Czech Republic.

The last part of the multi-phase Kosik project known as *Slunečný vršek* with its two sub-phases is very successful: as of November 24, 100 out of 151 units have been pre-sold in the first sub-phase which is under the construction and the second sub-phase has been launched by the Company (together with its joint partner GECG) during fourth quarter with nearly 20% of pre-sold units. Completion of the first sub-phase is scheduled for second half of 2015 with first deliveries still in 2015, remainder in 2016. The construction of the last project phase counting 80 units is deemed to commence in the spring 2015 and shall be completed until the autumn 2016. Kosik is a joint venture project that is consolidated under the equity method.

2 Operating expenses

Operating expenses increased by 43% to EUR 29.5 million over Q3 2014. Excluding indemnification for termination agreements (EUR 12.3 million), operating expenses would have decreased by EUR 3.4 million to EUR 17.2 million as of September 2014.

	30 September 2014	30 September 2013	Variation
Leases and rents	(283)	(872)	589
Building maintenance and utilities supplies	(3,000)	(3,748)	748
Marketing and representation costs	(984)	(2,246)	1,262
Administration costs	(7,092)	(4,275)	(2,817)
Taxes other than income tax	(1,410)	(1,281)	(129)
Hospitality specific costs	(105)	(162)	56
Other operating expenses	(325)	(387)	62
Employee benefits	(16,278)	(7,621)	(8,656)
Total operating expenses	(29,477)	(20,591)	(8,885)

Employee benefits reached EUR 16.3 million, affected by termination indemnities recognised in the first half of 2014.

Administration costs increased mainly due to legal fees related to Zlota project (EUR 1.8 million) and expenses connected with closing of Paris office (EUR 0.5 million). This increase is compensated by lower expenses thanks to deconsolidation of Hungarian assets (EUR 1.1 million), savings on advertising for sold assets Zlota and Pachtuv Palac (EUR 0.7 million).

3 Adjusted EBITDA¹

Operating result in Q3 2014 significantly improved from a loss of EUR 108.6 million to operating profit of EUR 21.0 million over the 9 months of 2014. The positive variation is attributable to partial reversal of impairment charge of EUR 47.1 million recognised on Zlota project in 2013 – EUR 73.8 million in Q3 2013). This was in part compensated by EUR 9.0 million provision for corporate guarantee on Hungarian assets and indemnity payments for termination of management contracts in the amount of EUR 12.3 million recognised in employee benefits.

	Development	Property Investments	TOTAL
Operating Result - 9m 2014	19,951	1,046	20,997
Net gain or loss from fair value adjustments on investment property	(46)	319	273
Amortisation, impairments and provisions	(38,850)	2,179	(36,671)
Termination indemnities	10,646	1,695	12,341
Net result on disposal of assets	32	(39)	(7)
Adjusted EBITDA - 9m 2014	(8,267)	5,200	(3,066)
Adjusted EBITDA - 9m 2013	(4,488)	5,542	1,054
Variation YoY	(3,779)	(342)	(4,120)

The worsening of EBITDA by EUR 4.1 million comes from decreasing revenue which is not yet in a position to cover the administration expenses as the positive effect of cost reducing measures implemented after the change of the management are expected to accrue in the following months.

In the Development segment, the EBITDA is negative due the assumption of most of the head office costs as the Zlota 44 project revenue by far exceeds the revenue from other projects. Lower unit sales in other projects outweighed the positive contribution of Mezihoří (EUR 0.6 million). Sales of commercial properties within the last two years led to decrease of revenue in this segment with an adverse effect on the profitability.

EBITDA in Property Investments segment reduced slightly by EUR 0.3 million in Q3 2014 due to missing contribution of sold or deconsolidated projects. This segment is also impacted by reduction of the management fee income.

4 Financial Result

4.1 Interests

The interest expense rose by EUR 2.2 million from EUR 15.9 million in Q3 2013 to EUR 18.1 million Q3 2014. The increase was primarily caused by interest expenses for bank loans in development segment where the capitalisation of interest on Zlota bank loan was ceased in 2014 as the project development was suspended. The bank interests in this segment went up by EUR 5.4 million to 6.2 million for the first 9 months of 2014. In contrary, the interest expenses in the Property management decreased by EUR 5.0 million as the leveraged Hungarian assets do not contribute to the consolidated result after their deconsolidation in Q1 2014.

The interest expenses on the Company's bonds increased from EUR 6.4 million in Q3 2013 to EUR 8.2 million for the 9 months period of 2014. However, the interest on bonds should reduce in the following periods consequently to the amended terms and conditions of the bonds (lower interest rate and extended maturity).

4.2 Other net financial results

Other net financial results are negatively influenced by extraordinary items resulting from restructuring of the Group portfolio.

The negative other net financial result of EUR -22.4 million consist mainly of the following: (i) loss upon deconsolidation and disposal of CPI (at that time ORCO Germany S.A.) shares in the first half of 2014 of EUR -37.7 million; (ii) gain recognised in relation to deconsolidation of Hungarian assets of EUR 25.4 million; and (iii) negative re-valuation of profit participating loan ("PPL") provided to Hospitality Invest of EUR -9.5 million.

5 Summarised consolidated statement of financial position

Compared to year-end 2013, the amount of total assets reduced from EUR 1,171.8 million to EUR 351.3 million as at end of September 2014.

The balance sheet item mostly impacted by the deconsolidation are the Investment property line which went down from EUR 710.6 million at the end of December 2013 to EUR 121.8 million as at the end of March 2014 as a consequence of the deconsolidation of German assets portfolio and Hungarian assets.

¹ The adjusted EBITDA is the recurring operational cash result calculated by deduction from the operating result of non-cash items and non-recurring items (Net gain or loss on fair value adjustments – Amortization, impairments and provisions – Net gain or loss on the sale of abandoned developments – Net gain or loss on disposal of assets) and the net results on sale of assets or subsidiaries.

The Property, plant and equipment line reduced after the loss of control over seaside hotels portfolio in Suncani Hvar. The reduction of Inventories is mainly caused by the disposal of the Zlota 44 project with net book value of EUR 30.1 million as at 31 December 2013.

Assets		
	30 September 2014	31 December 2013
NON-CURRENT ASSETS	247,034	890,573
Investment property	121,796	710,552
Property, plant and equipment	920	73,949
Non-current financial assets	123,870	59,346
Other non-current assets	448	46,727
CURRENT ASSETS	104,250	281,272
Inventories	74,584	114,720
Trade receivables	16,205	19,962
Cash and cash equivalents	4,815	88,669
Other current assets	8,646	57,921
TOTAL	351,284	1,171,845
Equity and liabilities		
	30 September 2014	31 December 2013
EQUITY	138,493	263,117
Equity attributable to owners of the Company	147,755	175,909
Non-controlling interests	(9,262)	87,208
LIABILITIES	212,791	908,728
Non-current liabilities	122,188	491,269
Bonds and financial debts	113,368	360,296
Other long term liabilities	8,820	130,973
Current liabilities	90,603	417,459
Current bonds and financial debts	40,840	273,362
Other current liabilities	49,763	144,098
TOTAL	351,284	1,171,845

The line Non-current financial assets consists mainly of: (i) investment in CPI PG shares of EUR 80.4 million; (ii) PPL loan of EUR 18.0 million; and (iii) CPI bonds of EUR 16.5 million acquired in Q3 2014.

Total financial debts of OPG decreased after the deconsolidation by EUR 479.5 million. These debts were mainly composed of bank loans related to financing of CPI (at that time ORCO Germany S.A.) assets, Hungarian properties and Zlota project.

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