

Press Release

Luxembourg, 31 May 2018

ORCO PROPERTY GROUP

Q1 2018 Financial Results

Key recent events

ANNUAL GENERAL MEETING OF 31 MAY 2018

The annual general meeting of ORCO PROPERTY GROUP's (hereinafter "OPG", the "Company" or together with its subsidiaries the "Group") shareholders held on 31 May 2018 (the „Meeting“) approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2017, as well as the allocation of financial results for the financial year ending 31 December 2017. The Meeting decided to appoint Mr. Jiří Dederá, Mr. Edward Hughes and Mr. Erik Morgenstern to the Board of Directors of the Company until the annual general meeting of 2019 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2018. Mr. Jiří Dederá was also elected Managing Director (administrateur délégué) of the Company.

ACQUISITION OF LAND BANKS IN CZECHIA

The Company acquired a portfolio of lands located in the North & West Bohemia regions of Czechia, mostly along the D5 & D8 motorways, totalling approximately 3.8 million square meters. As part of the portfolio, the Company also acquired 50% stake on a historical building located in the historic centre of Prague. The portfolio was acquired from another entity belonging to the CPI PROPERTY GROUP.

Financial highlights

Performance		31-Mar-18	31-Mar-17	Change
Gross rental income	€ thousands	348	487	(29%)
Total revenues	€ thousands	4,599	579	694%
Operating result	€ thousands	2,441	3,651	(33%)
Net profit for the period	€ thousands	12,667	2,562	394%

Assets		31-Mar-18	31-Dec-17	Change
Total assets	€ thousands	2,071,034	1,980,303	5%
EPRA NAV	€ thousands	606,546	598,736	1%
Property Portfolio	€ thousands	460,000	457,000	1%
Gross leasable area	sqm	28,000	28,000	0%
Occupancy in %	%	82%	82%	0 pp
Land bank area	sqm	17,656,000	17,675,000	(0.1%)
Total number of properties	No.	6	6	0%

Financing structure		31-Mar-18	31-Dec-17	Change
Total equity	€ thousands	636,828	628,371	1%
Equity ratio	%	31%	32%	(1.0 pp)
Net debt	€ thousands	(9,365)	(10,901)	(14%)
Project LTV	%	(2.0%)	(2.4%)	0.4 pp

Unaudited Income statement

€ thousands	31-Mar-18	31-Mar-17
Gross rental income	348	487
Service revenues	4,295	--
Net service charge income	(69)	--
Property operating expenses	(433)	(298)
Net rental income	4,141	189
Development sales	25	92
Cost of goods sold	(4)	(34)
Net development income	21	58
Total revenues	4,599	579
Total direct business operating expenses	(437)	(332)
Net business income	4,162	247
Net gain or loss on disposal of inv. property	440	--
Net gain or loss on disposal of subsidiaries	2,537	1,061
Amortization, depreciation and impairments	394	2,953
Other operating income	12	6
Administrative expenses	(4,322)	(659)
Other operating expenses	(782)	43
Operating result	2,441	3,651
Interest income	23,361	5,723
Interest expense	(10,971)	(3,673)
Other net financial result	807	(889)
Net finance income / (costs)	13,197	1,161
Share of profit of equity-accounted investees (net of tax)	--	(1,397)
Profit / (Loss) before income tax	15,638	3,415
Income tax expense	(2,971)	(853)
Net Profit for the period	12,667	2,562

Over the three months of 2018, the OPG group recorded a net profit in the amount of EUR 12.7 million compared to EUR 2.6 million in Q1 2017.

Total revenues increased year-on-year to EUR 4.6 million for the three months of 2018 compared to EUR 0.6 million over the same period in 2017 mainly due to providing services to CPI PROPERTY GROUP entities.

Operating result as of March 2018 is represented by gain of EUR 2.4 million compared to EUR 3.7 million over the same period in 2017. The deterioration of result is mainly due to the increase of advisory services provided by the entity ST Project Limited.

Net finance income improved from EUR 1.2 million in Q1 2017 to EUR 13.2 million during the three months of 2018 due to increase in interest income from loans provided to related parties.

Unaudited Statement of financial position

€ thousands	31-Mar-18	31-Dec-17
NON-CURRENT ASSETS		
Investment property	454,103	450,373
Property, plant and equipment	44	35
Equity-accounted investees	4,571	4,571
Available-for-sale financial assets	98,721	104,613
Loans provided	1,276,881	1,196,932
Trade and other receivables	12	12
Deferred tax assets	123,565	123,565
Total non-current assets	1,957,897	1,880,101
CURRENT ASSETS		
Inventories	6,371	6,348
Current income tax receivables	244	279
Trade receivables	8,190	4,540
Loans provided	78,736	68,490
Cash and cash equivalents	9,816	11,230
Other current assets	9,386	8,918
Assets held for sale	394	397
Total current assets	113,137	100,202
TOTAL ASSETS	2,071,034	1,980,303
EQUITY		
Equity attributable to owners of the Company	574,354	565,688
Non-controlling interests	62,474	62,683
Total equity	636,828	628,371
NON-CURRENT LIABILITIES		
Financial debts	1,170,062	1,113,884
Deferred tax liabilities	36,156	33,048
Provisions	1,593	1,559
Other non-current liabilities	1,955	1,991
Total non-current liabilities	1,209,766	1,150,482
CURRENT LIABILITIES		
Financial debts	75,218	54,581
Trade payables	7,517	2,723
Advance payments	84,527	84,505
Other current liabilities	57,178	59,641
Total current liabilities	224,440	201,450
TOTAL EQUITY AND LIABILITIES	2,071,034	1,980,303

The EPRA NAV per share as of 31 March 2018 and 31 December 2017 is EUR 0.46.

For more information please refer to our website at www.orcogroup.com or contact us at investors@orcogroup.com.

GLOSSARY

The Group presents alternative performance measures (APMs). The APMs used in this press release are commonly referred to and analysed amongst professionals participating in the Real Estate Sector to reflect the underlying business performance and to enhance comparability both between different companies in the sector and between different financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. The presentation of APMs in the Real Estate Sector is considered advantageous by various participants, including banks, analysts, bondholders and other users of financial information:

- APMs provide additional helpful and useful information in a concise and practical manner.
- APMs are commonly used by senior management and Board of Directors for their decisions and setting of mid and longterm strategy of the Group and assist in discussion with outside parties.
- APMs in some cases might better reflect key trends in the Group's performance which are specific to that sector, i.e. APMs are a way for the management to highlight the key value drivers within the business that may not be obvious in the consolidated financial statements.

EPRA Net Asset Value per share

EPRA Net Asset Value per share is defined as EPRA NAV divided by the diluted number of shares at the end of period.

EPRA NAV

EPRA NAV is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. For this reason, deferred taxes on property revaluations and the fair value of deferred tax liabilities are excluded as the investment property is not expected to be sold and the tax liability is not expected to materialize. In addition, the fair value of financial instruments which the company intends to hold to maturity is excluded as these will cancel out on settlement. All other assets including trading property, finance leases, and investments reported at cost are adjusted to fair value.

The performance indicator has been prepared in accordance with best practices as defined by EPRA (European Public Real Estate Association) in its Best Practices Recommendations guide, available on EPRA's website (www.epra.com).

Equity ratio

Equity Ratio provides a general assessment of financial risk undertaken. It is calculated as Total Equity divided by Total Assets.

Gross Leasable Area

Gross leasable area (GLA) is the amount of floor space available to be rented. Gross leasable area is the area for which tenants pay rent, and thus the area that produces income for the property owner.

Occupancy rate

The ratio of leased premises to total GLA.

Project Loan-to-Value

Project Loan-to-Value ("Project LTV ratio") provides a general assessment of financing risk undertaken. It is calculated as Adjusted Net Debt divided by fair value of Property Portfolio. Net Debt is borrowings plus bank overdraft less sum of borrowings from within CPI Property Group and cash and cash equivalents.

Property Portfolio

Property Portfolio covers all properties held by the Group, independent of the balance sheet classification, from which the Group incurs rental or other operating income.

APM reconciliation

EPRA NAV per share reconciliation (€ thousands)	31-Mar-18	31-Dec-17
Consolidated equity	574,354	565,688
Fair Value adjustment on assets held for sale	--	--
Fair value adjustments on inventories	--	--
Deferred taxes on revaluations	32,192	33,048
Goodwill	--	--
Own equity instruments	--	--
EPRA Net asset value	606,546	598,736
Existing shares (in thousands)	1,314,508	1,314,508
Net asset value in EUR per share	0.46	0.46

Project LTV ratio reconciliation (€ thousands)	31-Mar-18	31-Dec-17
Financial debts	451	329
Cash and cash equivalents	(9,816)	(11,230)
Net debt	(9,365)	(10,901)
Total property portfolio	460,474	456,721
Net LTV	(2.0%)	(2.4%)

Equity ratio reconciliation (€ thousands)	31-Mar-18	31-Dec-17
Total equity	636,828	628,371
Total assets	2,071,034	1,980,303
Equity ratio	31%	32%