



31 March 2016

Press Release

Release of YE 2015 Financial Information Early Termination of Safeguard Plan

Key recent events

Termination of Safeguard Plan: Considering the full payment by ORCO PROPERTY GROUP (the "Company" or "OPG") of its liabilities due under the Safeguard plan, the Paris Commercial Court (the "Court") pronounced on 26 October 2015 the termination of the Company's Safeguard Plan.

Following the Company's reorganization that took place in 2014 the Company filed on 19 June 2015 a request aimed at the termination of its Safeguard Plan linked with an early repayment of those liabilities admitted to the Safeguard Plan that became due. By judgment dated 19 August 2015 the Court accepted the Company's request to modify its Safeguard Plan and the Company paid on 28 August 2015 the amount of EUR 9,762,152 for liabilities that are subject to and due under the Safeguard Plan to the Safeguard administrator. This amount included the remaining Safeguard bond debt (EUR 4,375,934) as well as debts towards suppliers and called bank guarantees (EUR 5,386,218). The Safeguard administrator proceeded with the distribution of the funds on or before 5 October 2015.

- Listing on Luxembourg Stock Exchange: On 30 September 2015 the Commission de surveillance du secteur financier in Luxembourg (the "CSSF") approved the prospectus for the admission to trading on the regulated market of the Luxembourg Stock Exchange of 314,507,629 ordinary shares (ISIN code LU0122624777), representing the entire share capital of the Company and issued by the Company under the laws of the Grand Duchy of Luxembourg. The Company shares have been admitted to trading on the Luxembourg Stock Exchange as of 2 October 2015.
- Company Shares Delisted from Euronext Paris: Since 18 February 2016, the Company shares have been delisted from Euronext Paris. The 314,507,629 Company shares continue to be listed on the regulated market of the Luxembourg Stock Exchange under the same ISIN code LU0122624777.
- Disposal of non-strategic projects and exits from certain markets: The Company has disposed of the industrial – logistics project in Marki, near Warsaw, Poland. This transaction comprises of a transfer of 36 thousand sqm C class warehouse – logistics facility with the related land plots of app. 193 thousand sqm. The purchase price in an asset deal amounts to EUR 4 million + VAT. Following the repayment of the project credit facility to the financing bank the net proceeds amount to EUR 1.07 million.

On 26 November 2015 the Company sold its stake in Kosik, a residential project in Prague, to its joint venture partner. The transaction price was EUR 1.4 million.

The Company also completed the reorganisation of insolvency proceedings for its three Hungarian subsidiaries. Váci 1 and Szervita assets were transferred to the financing bank and the Paris Department Store was transferred to the Hungarian Republic which exercised its rights of pre-emption.

The Company has also proceeded with disposals or liquidation of certain subsidiaries that disposed of their assets and projects in the past. This is done in order to simplify the Group structure and decrease administration and management costs related thereto as well as within the Company's strategy to exit the Hungarian, Slovak and Croatian markets at favourable conditions.

- Acquisition of development project: On 19 December 2014 the Group entered into an agreement concerning the development project located in Prague 10. The project comprises of approximately 33 thousand sqm of developable land. The Group already owns 31 thousand sqm of directly adjacent land. The completion was subject to certain corporate approvals on seller's side, which were granted on 10 March 2015, thus the acquisition became effective. The Group acquired an excellent developable land plot of approximately 64 thousand sqm with good location. The purchase price for transfer of shares and receivables is EUR 5.7 million.

- Annual General Meeting of 28 May 2015: The Company's annual general meeting of the shareholders of held on 28 May 2015 (the „Meeting“) approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2014, as well as the allocation of financial results for the financial year ending 31 December 2014. The Meeting decided to appoint Mr. Jiří Dederá, Mr. Edward Hughes, Mr. Pavel Spanko and Mr. Guy Wallier to the Board of Directors of the Company until the Annual General Meeting of 2016 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2015. Mr. Jiří Dederá was also elected Managing Director (*administrateur délégué*) of the Company.
- Prepayment on Zlota disposal: Further to the disposal of Zlota 44 project the Company proceeded with an additional “Mandatory Prepayment on Zlota Disposal” under the terms and conditions of the notes registered under ISIN code XS0820547742, issued by the Company on 4 October 2012, as amended and restated on 7 November 2014 (the “Notes”). The prepayment in the amount of EUR 2.2 million was distributed to the holders of the Notes on 30 January 2015. Accordingly, the current outstanding principal of the Notes amounts to EUR 65,064,248.49.
- Kingstown legal action: On 20 January 2015 the Company received summons containing legal action of the three companies Kingstown Partners, Kingstown Partners II and Ktown, claiming to be former shareholders of the Company. The action seeks a condemnation of the Company, CPI Property Group and certain members of the Company's board of directors as jointly and severally liable to pay damages in the amount of EUR 14,485,111.13 and compensation for moral damage in the amount of EUR 5,000,000. According to Kingstown's allegation the claimed damage has arisen as a consequence of inter alia alleged violation of the Company's minority shareholders rights. Management of the Company will take all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders.

YE 2015 Financial highlights

In 2015 the Group recorded lower net loss attributable to owners of the Company in the amount of EUR 20.5 million compared to a loss of EUR 23.6 million over the same period of 2014.

- Total revenue decreased from EUR 75.2 million in 2014 to EUR 14.0 million in 2015 (-81.4% y-o-y). This decrease comes primarily from the development business line and reflects the disposal of Zlota project realised in 2014 (EUR 50.0 million). 2015 revenue from the sale of goods includes remaining units sold on residential projects Klonova Aleja, Benice I, V Mezihorí and revenue from the sale of Croatian project Sunny House.
- The loss in fair value adjustments on investment properties recognized in the income statement represents EUR 14.9 million compared to a net gain of EUR 2.1 million in 2014.
- Operating result in 2015 represents a loss of EUR 13.3 million compared to a profit of EUR 26.0 million in 2014. This significant decline reflects the impact of one-off transactions reported in 2014, when operating result was primarily affected by the partial reversal of an impairment charge of EUR 47.1 million recognised on Zlota project.
- The adjusted EBITDA increased by EUR 3.3 million and amounts to EUR -0.1 million as at 31 December 2015, compared to EUR -3.4 million in 2014. Improvement in development segment (EUR 6.7 million) was partially set off by worsened EBITDA in property investments segment (EUR -4.3 million).
- Financial result improved from a loss of EUR 48.2 million in 2014 to a loss of EUR 14.5 million in 2015. The improvement is primarily attributable to the stabilization of the Group after its restructuring.
- The LTV ratio as at 31 December 2015 has slightly increased to 40.8% compared to 38.1 % as at 31 December 2014. Total amount of financial liabilities including bonds represents EUR 150.3 million as at the end of December 2015 in comparison to EUR 141.3 million at the end of 2014. Fair value of portfolio increased by EUR 14 million from EUR 355.0 million to EUR 369.3 million.
- The EPRA Net Asset Value (EPRA NAV) per share as of 31 December 2015 has slightly decreased to EUR 0.65 compared to EUR 0.66 as at 31 December 2014.

Audited documents will be available tonight on:

<http://www.orcogroup.com/investors/financial-documentation/full-year-documents.php>

- Full Year 2015 audited financial report
- Full Year 2015 audited management report