

ORCO PROPERTY GROUP

H1 2016 Financial Results

Key recent events

- The Group shares delisted from Euronext Paris: On 18 February 2016 ORCO PROPERTY GROUP (the “Company” and together with its subsidiaries as the “Group”) delisted its shares from Euronext Paris. This decision was based on in-depth review of Company’s structure, operational and financial performances and costs related to its listing on Euronext Paris as well as taking the liquidity and trade volumes.
- Disposal of Marki project: On 29 February 2016 the Group entered into an agreement concerning a disposal of project Marki in Poland. The transaction comprises of a transfer of 36 thousand sqm C class warehouse – logistic facility with the related land plots of app. 193 thousand sqm. The purchase price in an asset deal amount to EUR 4 million plus VAT. Following the repayment of the project credit facility to the financing bank the net proceeds amount to EUR 1.07 million.
- Disposal of Suncani Hvar shares: On 4 April 2016 the Company entered into an agreement concerning the disposal of its stakes in Suncani Hvar d.d. (“SHH”). The Company sold 3,062,196 SHH shares corresponding to 15.77% of the shareholding and voting rights in SHH. The aggregate price equals to app. EUR 8.15 million and is based on the nominal value of the transferred shares, i.e. HRK 20 per share. Further to this transaction, the Group exited all of its investments in Croatia.
- Decrease of the Company’s capital: On 2 May 2016 extraordinary general meeting resolved to decrease the corporate capital of the Company from its present amount of EUR 31,450,762.90 to EUR 3,145,076.29 without cancellation of shares, by decreasing the accounting par value of the existing shares from EUR 0.10 to EUR 0.01.
- Increase of the Company’s capital: On 10 May 2016, the Company’s board of directors agreed to issue 1 billion new ordinary shares, at a subscription price of EUR 0.08 per new share, for a global cash contribution of EUR 80 million.
- Purchase of New Notes and CPI PG loan repayment: On 11 May 2016 the Company managed to purchase 5,630,662 pieces of the New Notes for an aggregate consideration of EUR 49.2 million. The acquired New Notes were cancelled.
- Annual General Meeting of 26 May 2016: The Annual General Meeting of the shareholders of the Company was held on 26 May 2016 (the „Meeting“) approved the statutory annual accounts and consolidated annual accounts for the financial year ending 31 December 2015, as well as the allocation of financial results for the financial year ending 31 December 2015. The Meeting decided to appoint Mr. Jiří Dedera, Mr. Edward Hughes and Mr. Pavel Španko to the Board of Directors of the Company until the Annual General Meeting of 2017 concerning the approval of the annual accounts of the Company for the financial year ending 31 December 2016. Mr. Jiří Dedera was also elected Managing Director (administrateur délégué) of the Company. As a result of the shareholder changes that occurred in June 2016 and following the disposal of its stake in the Company, on 26 July 2016, Mr. Pavel Španko resigned from the board of directors of the Company with immediate effect. Following the resignation of Mr. Španko, the board of directors resolved to co-opt Mr. Erik Morgenstern (CFO of the Company) to the board of directors.
- Acquisition of the Company by CPI PG: On 8 June 2016 CPI Property Group’s fully owned subsidiary Nukasso Holdings Limited directly and indirectly acquired approximately 97.31% of shares in the Company. As a consequence, Nukasso Holdings Limited from the CPI Property Group and persons acting in concert with it have an obligation to launch a mandatory takeover bid to purchase any and all of the ordinary shares of the Company. On 22 August 2016, the Czech Office for the Protection of Competition granted the merger clearance for the acquisition of the Company by CPI Property Group, whereas its decision became final and binding on 23 August 2016.

- Disposal of CPI Property Group shares: On 29 August 2016 the Company disposed of 65,957,446 pieces of ordinary shares of CPI Property Group for an aggregate consideration of EUR 34.59 million. The disposal of shares was based on the Agreement on Put Option over Shares entered into by the Company and Mr. Radovan Vitek on 24 September 2014. The disposal price per share equals to EUR 0.47, plus a 6.00% p.a. interest from 24 September 2014 until 29 August 2016. The shares were acquired by a holding entity of Mr. Vitek. The Company continues to hold 93,175,451 shares in CPI Property Group, which represents app. 1.45% of the shareholding.

H1 2016 Financial highlights

Over the first half of 2016 the Group recorded net profit attributable to owners of the Company in the amount of EUR 8.5 million compared to a loss of EUR 17.1 million in H1 2015.

- Total revenue decreased year on year to EUR 5.0 million for the first half of 2016 compared to EUR 7.3 million over the same period in 2015 (-31 % y-o-y). This decrease comes primarily from the Property Investment business line due to the disposal of entities providing services to the third parties.
- Operating result as of June 2016 is represented by gain of EUR 12.5 million compared to a loss of EUR 11.2 million over the same period in 2015. The improvement of result is mainly due to the positive fair value adjustment on investment property.
- The adjusted EBITDA increased by EUR 4.0 million and amounts to EUR 1.1 million as at 30 June 2016, compared to EUR -2.3 million in 2015. Following the improvement of operational result, development segment reports improved adjusted EBITDA (EUR 0.7 million), while Property Investments reports positive variation of EUR 2.7 million, mainly impacted by improvement of operational result.
- Financial result improved from a loss of EUR 10.7 million to a loss of EUR 2.3 million as at 30 June 2016.
- The LTV ratio as at 30 June 2016 is 18.5% and significantly decreased compared to 40.8% as at 31 December 2015. The main reason of this decrease is the repayment of the loan provided by CPI PG to the Group (EUR 32.1 million) and the acquisition of New Notes (EUR 49.2 million). Total amount of financial liabilities including bonds is EUR 68.1 million as at the end of June 2016 in comparison to EUR 150.3 million at the end of 2015.
- The EPRA Net Asset Value (EPRA NAV) per share as of 30 June 2016 is EUR 0.23 compared to EUR 0.65 as at 31 December 2015.

Condensed consolidated interim financial information will be made available today on:

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

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