



PROPERTY GROUP

Press Release

Luxembourg, 29 March 2019

ORCO PROPERTY GROUP

2018 Financial Results

Financial highlights

Performance		31-Dec-18	31-Dec-17	Change
Gross rental income	€ thousands	1,683	2,156	(22.0%)
Total revenues	€ thousands	26,722	6,999	309.0%
Operating result	€ thousands	8,079	108,576	(92.6%)
Net profit for the period	€ thousands	122,019	137,279	(11.1%)

Assets		31-Dec-18	31-Dec-17	Change
Total assets	€ thousands	3,192,868	1,980,303	61.2%
EPRA NAV	€ thousands	736,066	598,736	22.9%
Property Portfolio	€ thousands	483,000	457,000	5.7%
Gross leasable area	sqm	92,000	28,000	228.6%
Occupancy in %	%	87.3%	82.2%	5.1 pp
Land bank area	sqm	17,626,000	17,675,000	(0.3%)
Total number of properties	No.	6	6	0%

Financing structure		31-Dec-18	31-Dec-17	Change
Total equity	€ thousands	868,866	628,371	38.3%
Equity ratio	%	27%	32%	(5.0 pp)
Net debt	€ thousands	(14,429)	(10,901)	(32.4%)

Income statement

Income statement for the 12 months period ended on 31 December 2018 and 31 December 2017 is as follows:

TEUR	31-Dec-18	31-Dec-17
Gross rental income	1,683	2,156
Sale of services	25,029	4,248
Cost of service charges	(950)	(1,381)
Property operating expenses	(1,215)	(1,272)
Net service and rental income	25,547	3,751
Development sales	10	595
Cost of goods sold	(7)	(505)
Net development income	3	90
Total revenues	26,722	6,999
Total direct business operating expenses	(2,172)	(3,158)
Net business income	24,550	3,841
Net valuation gain on inv. property	3,225	105,449
Net gain on the disposal of inv. property and subsidiaries	3,069	35
Amortization, depreciation and impairments	(9,539)	2,138
Administrative expenses	(13,925)	(2,028)
Other operating income	968	241
Other operating expenses	(269)	(1,100)
Operating result	8,079	108,576
Interest income	111,860	56,572
Interest expense	(60,750)	(28,297)
Other net financial result	10,408	3,758
Net finance income	61,518	32,033
Share of profit of equity-accounted investees (net of tax)	(698)	6,217
Profit / (Loss) before income tax	68,899	146,826
Income tax expense	53,120	(9,547)
Net Profit for the period	122,019	137,279

Sale of services

Service revenue increased to EUR 24.4 million in 2018 (2017: EUR 3.2 million). The increase is due to providing of advisory services to entities controlled by the ultimate shareholder of the Group.

Net valuation gain

The net valuation gain amounts to EUR 3.2 million (EUR 105.4 million in 2017) comprised of valuation gain of EUR 7.9 million, valuation loss of EUR 5.5 million and net foreign exchange gain of EUR 0.8 million.

Net finance income

Total net finance income has risen from EUR 32.0 million in 2017 to EUR 61.5 million in 2018. The interest income increased from EUR 56.6 million in 2017 to EUR 111.9 million in 2018. The increase in interest income reflects the increase in loans provided by the Company to entities within the CPI PG group and other related parties.

The other net financial result has improved from a gain of EUR 3.8 million in 2017 to a gain of EUR 10.4 million in 2018. The main cause of this improvement is the positive result from early repayment of bonds (EUR 5.6 million) which the Company acquired in August 2018. Net foreign exchange gain (EUR 4.8 million) was driven by movement of EUR against CZK.

Balance sheet

TEUR	31-Dec-18	31-Dec-17
NON-CURRENT ASSETS		
Intangible assets	27	--
Investment property	474,778	450,373
Property, plant and equipment	398	35
Equity-accounted investees	3,890	4,571
Other investments	125,406	104,613
Loans provided	2,283,819	1,196,932
Trade and other receivables	7,988	12
Deferred tax assets	180,021	123,565
Total non-current assets	3,076,327	1,880,101
CURRENT ASSETS		
Inventories	7,967	6,348
Income tax receivables	275	279
Trade receivables	5,400	4,540
Loans provided	84,474	68,490
Cash and cash equivalents	14,705	11,230
Other current assets	3,334	8,918
Assets held for sale	386	397
Total current assets	116,541	100,202
TOTAL ASSETS	3,192,868	1,980,303
EQUITY		
Equity attributable to owners of the Company	702,413	565,688
Non-controlling interests	166,453	62,683
Total equity	868,866	628,371
NON-CURRENT LIABILITIES		
Financial debts	2,091,697	1,113,884
Deferred tax liabilities	34,160	33,048
Provisions	1,574	1,559
Other non-current liabilities	2,356	1,991
Total non-current liabilities	2,129,787	1,150,482
CURRENT LIABILITIES		
Financial debts	87,853	54,581
Trade payables	18,941	2,723
Income tax liabilities	141	63
Other current liabilities	87,280	144,083
Total current liabilities	194,215	201,450
TOTAL EQUITY AND LIABILITIES	3,192,868	1,980,303

Total assets and total liabilities

Total assets increased by EUR 1,212.6 million (61.2%) to EUR 3,192.9 million as at 31 December 2018. The main reason is the increase of long-term loans provided to entities within the CPI PG group.

Non-current and current liabilities total EUR 2,324.0 million as at 31 December 2018 which represents an increase by EUR 972.0 million (71.9%) compared to 31 December 2017. Main driver of this increase was an additional drawdown of loan provided to the Company by CPI PG.

EPRA Net asset value

The EPRA Net Asset Value per share as of 31 December 2018 is EUR 0.56 compared to EUR 0.46 as of 31 December 2017.

The Triple NAV amounts to EUR 0.53 per share compared to EUR 0.43 at the end of last year. The calculation is compliant with the EPRA (European Public Real Estate Associations) "Triple Net Asset Value per share".

	December 2018	December 2017
Consolidated equity	702,413	565,688
Fair Value adjustment on asset held for sales	--	--
Fair value adjustments on inventories	--	--
Deferred taxes on revaluations	33,653	33,048
Goodwill	--	--
Own equity instruments	--	--
EPRA Net asset value	736,066	598,736
Existing shares (in thousands)	1,314,508	1,314,508
Net asset value in EUR per share	0.56	0.46
EPRA Net asset value	736,066	598,736
Deferred taxes on revaluations	(33,653)	(33,048)
Fair value adjustment of bonds issued by the Group	--	--
EPRA Triple Net asset value (*)	702,413	565,688
Fully diluted shares	1,314,508	1,314,508
Triple net asset value in EUR per share	0.53	0.43

Over the year 2018 the consolidated equity increased by EUR 136.7 million. The main driver of this increase is the profit of the period amounting to EUR 122.0 million.

For disclosures regarding Alternative Performance Measures used in this press release please refer to our 2018 Financial Information, chapter GLOSSARY & DEFINITIONS; accessible at <http://www.orcogroup.com/investors/financial-documentation/full-year-documents.php>

For full Management Report as of 31 December 2018, including Consolidated Financial Statements as at 31 December 2018 please refer to our website at www.orcogroup.com.