



Press Release

Luxembourg, 22 May 2019

CPI FIM SA (formerly ORCO PROPERTY GROUP) reports financial information for the first quarter of 2019

CPI FIM SA (hereinafter “**CPI FIM**”, the “**Company**” or together with its subsidiaries the “**Group**”), a real estate group with a portfolio in Central and Eastern Europe, is pleased to publish financial information for the first quarter of 2019.

As at 31 March 2019, CPI PROPERTY GROUP S.A. (hereinafter also the “**CPI PG**”, and together with its subsidiaries as the “**CPI PG Group**”) indirectly owns 97.31% of the Company shares (97.31% voting rights).

Financial highlights

Performance		31-Mar-19	31-Mar-18	Change
Gross rental income	€ thousands	322	348	(7%)
Total revenues	€ thousands	7,583	4,744	60%
Operating result	€ thousands	3,693	1,824	102%
Net profit for the period	€ thousands	14,165	12,667	12%

Assets		31-Mar-19	31-Dec-18	Change
Total assets	€ thousands	3,618,336	3,192,868	13%
EPRA NAV	€ thousands	749,191	736,066	2%
Property Portfolio	€ thousands	491,000	483,000	2%
Gross leasable area	sqm	92,000	92,000	0%
Occupancy in %	%	87.3%	87.3%	0 pp
Land bank area	sqm	17,626,000	17,626,000	0%
Total number of properties	No.	6	6	0%

Financing structure		31-Mar-19	31-Dec-18	Change
Total equity	€ thousands	882,903	868,866	2%
Equity ratio	%	24%	27%	(3.0 pp)

Income statement

Income statement for the three months period ended on 31 March 2019 and 31 March 2018 was as follows:

INCOME STATEMENT (€ thousands)	31-Mar-19	31-Mar-18
Gross rental income	322	348
Sale of services*	7,261	4,371
Cost of service charges*	(892)	(145)
Property operating expenses	(260)	(433)
Net service and rental income	6,431	4,141
Development sales	--	25
Development operating expenses	--	(4)
Net development income	--	21
Total revenues*	7,583	4,744
Total direct business operating expenses*	(1,152)	(582)
Net business income	6,431	4,162
Net valuation gain/(loss) on investment property**	436	(617)
Net gain on the disposal of investment property and subsidiaries	248	2,977
Amortization, depreciation and impairments	(277)	394
Administrative expenses	(3,179)	(4,322)
Other operating income	29	12
Other operating expenses	5	(782)
Operating result	3,693	1,824
Interest income	34,424	23,361
Interest expense	(15,188)	(10,971)
Other net financial result**	(5,090)	1,424
Net finance income	14,146	13,814
Share of profit/ (loss) of equity-accounted investees (net of tax)	(190)	-
Profit before income tax	17,649	15,638
Income tax expense	(3,484)	(2,971)
Net profit from continuing operations	14,165	12,667

* In connection with the adoption of IFRS 15, the Group changed, in respect of service charges, revenue recognition from net to gross, before deduction of cost of services (refer to the annual management report for 2018 for further detail). Management also concluded that service revenue should no longer be presented separately from other service charges, because combined presentation of the service charges provides more relevant information about the business. The presentation of the statement of profit or loss for the three months period of 2018 was adjusted due to the changes in the accounting policy as follows:

	31 March 2018	Effect of IFRS 15 adoption	31 March 2018 Adjusted
Gross rental income	348	-	348
Service revenues	4,295	(4,295)	-
Sale of services	-	4,371	4,371
Net service charge income	(69)	69	-
Cost of service charges	-	(145)	(145)
Property operating expenses	(433)	-	(433)
Net service and rental income	4,141	-	4,141
Total revenues	4,599	145	4,744
Total direct business operating expenses	(437)	(145)	(582)
Net business income	4,162	-	4,162

**The Group reclassified effect of changing foreign exchange rates on the revaluation of the investment properties from the Other net financial result to the Net valuation gain or loss. Management finds the adjusted presentation reliable and more relevant, because the effect is already included in determination of the fair value of the relevant investment properties by the Group's subsidiaries.

Comparative information as of 31 March 2018 was adjusted accordingly. The change in the accounting policy had no impact on the statement of financial position, the impact on the statement of comprehensive income is presented in the table below:

	31 March 2018	Effect of the accounting	31 March 2018 Adjusted
Net business income	4,162	-	4,162
Net valuation loss	-	(617)	(617)
Operating result	2,441	(617)	1,824
Other net financial result	807	617	1,424
Net finance income	13,197	617	13,814
Profit before income tax	15,638	-	15,638
Net profit from continuing operations	12,667	-	12,667

Sale of services

Service revenue increased to €7.3 million for the three months of 2019 compared to €4.4 million over the same period in 2018 mainly due to the provision of advisory services to entities controlled by the ultimate shareholder of the Group.

Net finance income

Total net finance income improved from €13.8 million to €14.1 million for the three months of 2019. The increase in interest income from €23.4 million to €34.4 million reflects the increase in loans provided by the Company to entities within the CPI PG Group and other related parties.

Other net financial result for Q1 2019 was mainly represented by the net foreign exchange loss of €5.1 million primarily driven by movement of EUR against CZK.

Balance sheet

BALANCE SHEET (€ thousands)	31-Mar-19	31-Dec-18
NON-CURRENT ASSETS		
Intangible assets	17	27
Investment property	482,647	474,778
Property, plant and equipment	403	398
Equity accounted investees	3,699	3,890
Other investments	125,816	125,406
Loans provided	2,474,464	2,283,819
Trade and other receivables	7,964	7,988
Deferred tax assets	180,379	180,021
Total non-current assets	3,275,389	3,076,327
CURRENT ASSETS		
Inventories	7,956	7,967
Income tax receivables	275	275
Trade receivables	9,268	5,400
Loans provided	108,306	84,474
Cash and cash equivalents	213,211	14,705
Other current assets	3,545	3,334
Assets held for sale	386	386
Total current assets	342,947	116,541
TOTAL ASSETS	3,618,336	3,192,868
EQUITY		
Equity attributable to owners of the Company	716,075	702,413
Non-controlling interests	166,828	166,453
Total equity	882,903	868,866
NON-CURRENT LIABILITIES		
Financial debts	2,515,601	2,091,697
Deferred tax liabilities	37,902	34,160
Provisions	1,570	1,574
Other financial liabilities	3,295	2,356
Total non-current liabilities	2,558,368	2,129,787
CURRENT LIABILITIES		
Financial debts	102,145	87,853
Trade payables	13,697	18,941
Income tax liabilities	110	141
Other current liabilities	61,113	87,280
Total current liabilities	177,065	194,215
TOTAL EQUITY AND LIABILITIES	3,618,336	3,192,868

Total assets and total liabilities

Total assets increased by €425.5 million (13 %) from €3,192.9 million as at 31 December 2018 to €3,618.3 million as at 31 March 2019. The main reason is the increase of long-term loans provided to entities within the CPI PG Group.

Other factor of the growth is the increase in cash and cash equivalents by €199 million since 31 December 2018. Other factor of the growth is the increase in cash and cash equivalents by €199 million since 31 December 2018.

Non-current and current liabilities total €2,735 million as at 31 March 2019 which represents an increase by €411.4 million (18 %) compared to 31 December 2018. The main driver of this growth was the additional drawdown of loan provided to the Group by CPI PG (net increase of €420.6 million).

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 long-term 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.

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-19	31-Dec-18
Consolidated equity	716,075	702,413
Deferred taxes on revaluations	33,116	33,653
EPRA Net asset value	749,191	736,066
Existing shares (in thousands)	1,314,508	1,314,508
Net asset value in € per share	0.57	0.56

Equity ratio reconciliation (€ thousands)	31-Mar-19	31-Dec-18
Total equity	882,903	868,866
Total assets	3,618,336	3,192,868
Equity ratio	24%	27%