

FINANCIAL INFORMATION

2015



Including the
Consolidated financial statements
and
Report of the Réviseur d'Entreprises
for the period of 6 months ended as at 30 June 2015



PROPERTY GROUP

SUMMARY

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Management Report as at 30 June 2015

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ORCO PROPERTY GROUP, société anonyme (the “Company” or “OPG”) and its subsidiaries (together the “Group”) is a real estate group with a major portfolio in Central and Eastern Europe. It is principally involved in the development of properties for its own portfolio or intended to be sold in the ordinary course of business and is also active in leasing investment properties under operating leases as well as in asset management.

The Company is a joint stock company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg.

The Company’s shares are listed on the regulated markets of NYSE EuroNext Paris and the Warsaw Stock Exchange.

1 Message from the management

Dear Shareholders, Business Partners, Ladies and Gentlemen,

In H1 2015, ORCO PROPERTY GROUP (the “Company” and together with its subsidiaries as the “Group”) focused on further restructuring and stabilization of its position.

In 2014 the Group underwent major changes in the board and management composition, changes in its shareholding structure and also change in its strategy, whereby the main focus shall be on development projects. The management successfully completed the financial and operational restructuring of the Group and in addition to the sale of non-strategic assets, it was able to stabilize its ability to continue as a going concern. The streamlining of the corporate structure resulted in significant savings of administrative costs and the real estate portfolio has become more efficient and focused.

In 1H 2015 the Company finalized several important projects that have started in 2014:

The Company finalized outstanding matters related to a challenging situation with its Zlota 44 project in Warsaw by disposing of it to the international consortium of AMSTAR and BBI Development in H2 2014. Following the settlement of disputes with Zlota 44 general contractor INSO on 7 January 2015, the final sales price amounts to EUR 50,040,501. As a result of this, the Company proceeded with an additional “Mandatory Prepayment on the Zlota Disposal” under the terms and conditions of the notes registered under ISIN code XS0820547742. The prepayment in the amount of EUR 2.22 million was distributed to the holders on 30 January 2015.

In relation to the enhancement of its development activities, in March 2015 the Company completed the EUR 5.7 million acquisition of a development project, initiated in December 2014. The Group portfolio has been thereby expanded by 33 thousand sqm of a developable land plot located in Prague 10, Czech Republic. The Company already owned 31 thousand sqm of directly adjacent land and following this acquisition, the Company now owns an excellent developable land plot of approximately 64 thousand sqm.

The Company also completed the insolvency reorganization proceedings for its three Hungarian subsidiaries Orco Budapest, Zrt., Váci 1 Kft. and Ariah, Kft. As a result of long-term negotiations among the biggest creditors throughout 2014, the restructuring plans were approved at the creditors meetings in December 2014 and later on by the Budapest Commercial Court. In H1 2015, as part of the approved reorganization plan, the respective subsidiaries transferred Váci 1 and Szervita assets to the financing bank and Paris Department Store to the Hungarian Republic which exercised its preemption right.

Further to the successful completion of these Hungarian reorganizations the Company intends to proceed with orderly disposals of its remaining Hungarian assets, subject to its satisfaction with market offers. This is in line with the Company strategy to exit Hungarian, Slovak and Croatian (with the exception of Suncani Hvar) markets.

In Croatia, the Split Commercial Court approved on 9 June 2015 the restructuring plan of Suncani Hvar (“SHH”), which is a successful outcome of pre-bankruptcy procedure initiated by SHH in 1H 2014 in order to allow the restructuring of its operations. Following the long-term negotiations among SHH’s biggest creditors and shareholders, the restructuring plan was approved at the creditors meeting in December 2014 as well as at the shareholders meeting in January 2015, which provided a solid basis for the approval of the plan by the Split Commercial Court.

Following the successful completion of various projects and transactions described above, the Company decided to request a termination of the Safeguard plan linked with an early repayment of those liabilities admitted to the Safeguard plan that became due. The opening of the French law insolvency type of proceedings, known as Safeguard (*Sauvegarde*), was requested by the Company at the Paris Commercial Court (the “Court”) in early 2009. The Safeguard plan of the Company was approved by the

Court on 19 May 2010 and provided the Company with a ten year payment schedule to repay its liabilities admitted to the Safeguard.

In 2012, the Company successfully completed the Group's bond restructuring, which restructured EUR 411 million in nominal OPG bond debt and EUR 100 million in nominal former ORCO Germany bond debt. Following the Company's further reorganization and restructuring that took place in 2014 and 2015, the Company decided to request an early termination of the Safeguard plan and on 19 June 2015 it filed a request with the Court that was accepted on 19 August 2015.

As a result, the Court decided to amend the Safeguard plan of the Company as follows:

Within fifteen days as of the pronouncement of the judgement, the Company is obliged to pay to the Safeguard administrator liabilities that are subject to and due under the Safeguard plan;

The Safeguard administrator will proceed with the distribution of the funds received from the Company after the judgment becomes final;

Other liabilities that were admitted to the Safeguard, but are conditional or uncalled (such as uncalled bank guarantees, conditional claims of the holders of Warrants 2014 registered under ISIN code XS0290764728, provided that they were admitted to the Safeguard plan), will be paid according to their contractual terms; and

The duration of the Safeguard plan has been reduced to two months.

The liabilities to be paid based pursuant to the filed request amount to EUR 9,762,152 and include the remaining bond debt (EUR 4,375,934) as well as debts towards suppliers and called bank guarantees (EUR 5,386,218). Pre-Safeguard liabilities that were not admitted to the Company's Safeguard will be unenforceable. The management of the Company sees the decision of the Court as an important further step to re-establish the Company as the key player on the real estate development market in the CEE.

We are of the view that in H1 2015, the Company achieved many important goals in its transformation process towards a streamlined and profitable operation and it will also remain to be the main focus of the Company for the H2 2015.

Jiri Dederá,
CEO & Managing Director

2 Key events: first half 2015 and post-closing key events

2.1 Early Termination of Safeguard Plan Accepted

Following the successful completion of various projects and transactions, as well as its reorganization and restructuring that took place in 2014 and 2015, the Company decided to request a termination of its Safeguard plan linked with an early repayment of those liabilities admitted to the Safeguard plan that became due. Towards this end, the Company filed on 19 June 2015 a request with the Paris Commercial Court (the "Court") to modify its Safeguard plan.

On 19 August 2015, the Paris Commercial Court (the "Court") pronounced a judgement pursuant to which the Court accepted Company's request to modify its Safeguard plan as follows:

- Within fifteen days as of the pronouncement of the judgement, the Company is obliged to pay to the Safeguard administrator liabilities that are subject to and due under the Safeguard plan;
- The Safeguard administrator will proceed with the distribution of the funds received from the Company, after the judgment becomes final;
- Other liabilities that were admitted to the Safeguard, but are conditional or uncalled (such as uncalled bank guarantees, conditional claims of the holders of Warrants 2014 registered under ISIN code XS0290764728, provided that they were admitted to the Safeguard plan), will be paid according to their contractual terms.
- The duration of the Safeguard plan has been reduced to two months.

The liabilities to be paid based pursuant to the filed request amount to EUR 9,762,152 and include the remaining bond debt (EUR 4,375,934) as well as debts towards suppliers and called bank guarantees (EUR 5,386,218). Pre-Safeguard liabilities that were not admitted to the Company's Safeguard will be unenforceable.

2.2 Intent to List the Company Shares on Luxembourg Stock Exchange

The Company decided to apply for the admission to trading of its 314,507,629 ordinary shares, representing the entire share capital of the Company, on the regulated market of the Luxembourg Stock Exchange, which constitutes a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial. The admission to trading is subject to the approval of a prospectus by the Commission de Surveillance du Secteur Financier. The admission to trading is expected to occur in Q3 2015.

2.3 Finalization of Zlota Disposal and Prepayment on New Notes

Following the settlement of disputes with Zlota 44 general contractor INSO, the Company agreed on 7 January 2015 on final sales price of EUR 50,040,501 for the disposal of Zlota 44 to the international consortium of AMSTAR and BBI Development. Further to this 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.

2.4 Acquisition of New Development Project in Prague

In line with its new strategy focusing on development projects, the Company entered 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.

2.5 Kingstown legal action

On 20 January 2015 the Group received a summons containing legal action of the three companies Kingstown Partners, Kingstown Partners II and Ktown, claiming to be former shareholders of the Group. The action seeks a condemnation of the Group, CPI PROPERTY GROUP ("CPI PG") and certain members of the Group'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 Group's minority shareholders rights.

2.6 Completion of Reorganization of Hungarian Subsidiaries

The Company has also completed insolvency reorganization proceedings for its three Hungarian subsidiaries. The restructuring plans were approved at creditors meetings in December and later on by the Budapest Commercial Court. As part of the approved reorganization the subsidiaries transferred Váci 1 (former stock exchange building) and Szervita assets to the financing bank and Paris Department Store to the Hungarian Republic, which exercised its preemption right. Within the reorganization settlement the Company paid to the financing bank EUR 9 million in consideration of the release of corporate guarantees provided by the Company as well as the release of pledges on Vaci 188 project, which was crosscollateralized in favor of the financing bank.

2.7 Successful Reorganization of Suncani Hvar

In Croatia, the Split Commercial Court approved on 9 June 2015 the restructuring plan of Suncani Hvar ("SHH"), which is a successful outcome of pre-bankruptcy procedure initiated by SHH in 1H 2014 in order to allow the restructuring of its operations. Following the long-term negotiations among SHH's biggest creditors and shareholders, the restructuring plan was approved at the creditors meeting in December 2014 as well as at the shareholders meeting in January 2015, which provided a solid basis for the approval of the plan by the Split Commercial Court.

3 Market environment

Prague office market ¹

In H1 2015, among others, three new office schemes with a total leasable area of 95,149 sqm were completed. New supply included Crystal Prague in Prague 3 and in Prague 4, another extension of BB Centrum with building Delta and The Greenline at Kačerov. Several office projects are due to commence construction in the second half of 2015. At the end of Q2 2015, the modern office stock in the capital city totalled 3,126,927 sqm. Currently, there is approximately 148,000 sqm of office space under construction. Out of this number, ca. 88,200 sqm is scheduled for completion by the end of 2015. The year 2015 remains on track to become a very successful year in terms of demand. In Q2 2015, the strongest ever quarterly demand was recorded on Prague office market. In H1 2015, gross take-up reached 204,972 sqm. The H1 2015 vacancy rate in Prague stands at 16.56%. The Q2 vacancy rate decreased by 0.5 of a percentage point compared to the previous quarter. This is mainly the result of the postponed completion of some speculative projects into the next quarter. The prime office rent remained stable at EUR 19.50 /sqm /month in city centre.

Prague residential market

In Q1 2015 Real estate price index announced by Hypoteční banka (HB INDEX) confirmed a slight increase in prices of residential real estate which already started at the beginning of 2014. The prices of family houses increased in Q1 2015 by 0.5 p.p. and reached HB INDEX 106.3. That is the highest level since the beginning of 2010. The land prices increased by 0.9 p.p., and reached 120.3, followed by an increase in flats by 1.0 p.p. The average market price of the flats increased to HB INDEX 98.4.

HB Index is regularly presented by Hypoteční banka, a.s. and is based on realistic estimates of market prices of real estates. HB INDEX itself is calculated for the entire Czech Republic, and for the three types of real estates: flats, houses and land. For basis 100.0 were selected real estate prices as of 1 January 2010.

Warsaw office market

The following data and description for real estate market in Poland are based on a report published by DTZ (unless otherwise stated).

At the end of the first half of 2015, modern office stock in Warsaw reached 4.54 million sqm. During the first two quarters of this year, 14 buildings with the office area of almost 150,000 sq m received occupancy permits and, according to developers' plans, a further 200,000 sq m may be completed by the end of 2015. If all projects are delivered according to schedule, the annual supply this year may reach 350,000 sq m, which will be the highest value recorded so far on the Warsaw market. Even larger volume of new completions can be expected for 2016 (approx. 430,000 sq m), two of which are major tower buildings located in the city centre: Q22 and Warsaw Spire, collectively accounting for almost 120,000 sq m of new office space. DTZ is of the opinion that depending on the market situation and absorption pace of the space delivered earlier, part of the projects scheduled for 2016 may be delayed due to insufficient tenants' activity. 75% of the total modern office stock in Warsaw is located within the four largest subzones: Upper South, Fringe, South West and Core. The vacancy rates for the central zones were 15%, and 13.7% for non-central locations. The highest vacancy rates were recorded in the Core, West and Upper South subzones. In the East zone the availability ratio was the lowest among other districts in Warsaw.

Budapest office market

The following data and description for real estate market in Hungary are based on a report published by JLL and CBRE (unless otherwise stated).

Over 20 thousand sqm were delivered to the office market during H1 2015. The total office stock stands at 3.25 million sqm as at end of H1 2015. The half year gross take-up totalled 196,500 sqm, which is an all-time high in the history of the Budapest office market and 10% stronger than previous peak. The vacancy rate declined by a massive 340 bps year-on-year, dropping to 14.2%. The improvement was due to a combination of factors: a strong 12-month rolling volume of 151,000 sqm, which is the highest since Q2 2010 and the limited volume of completions – on year-on-year basis new deliveries represent 44% decline

¹ JLL – Prague Office Market – Q2 2015

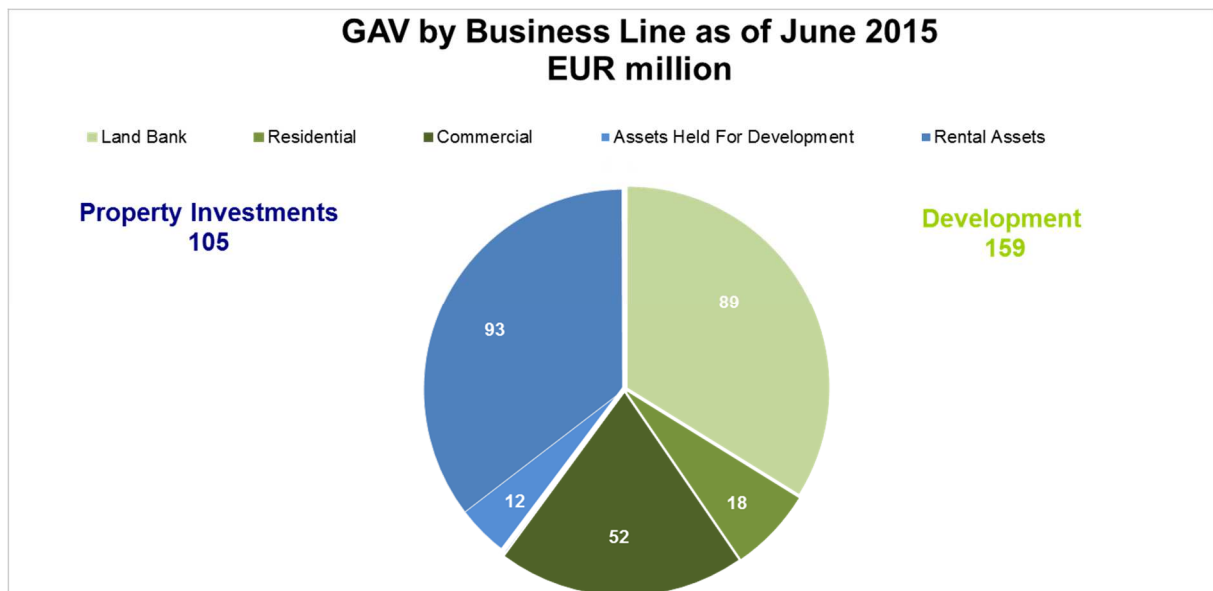
in comparison to H1 2014. Prime rent stands at EUR 15,5 /sqm /month. This level is only achievable in a few, selected prime properties in the Central Business District for the best office units within the building. Average asking rents did not change significantly on the previous quarter; they remained in the range of EUR 11-14 /sqm /month for A class offices.

4 Portfolio: Gross Asset Value² and operational performance

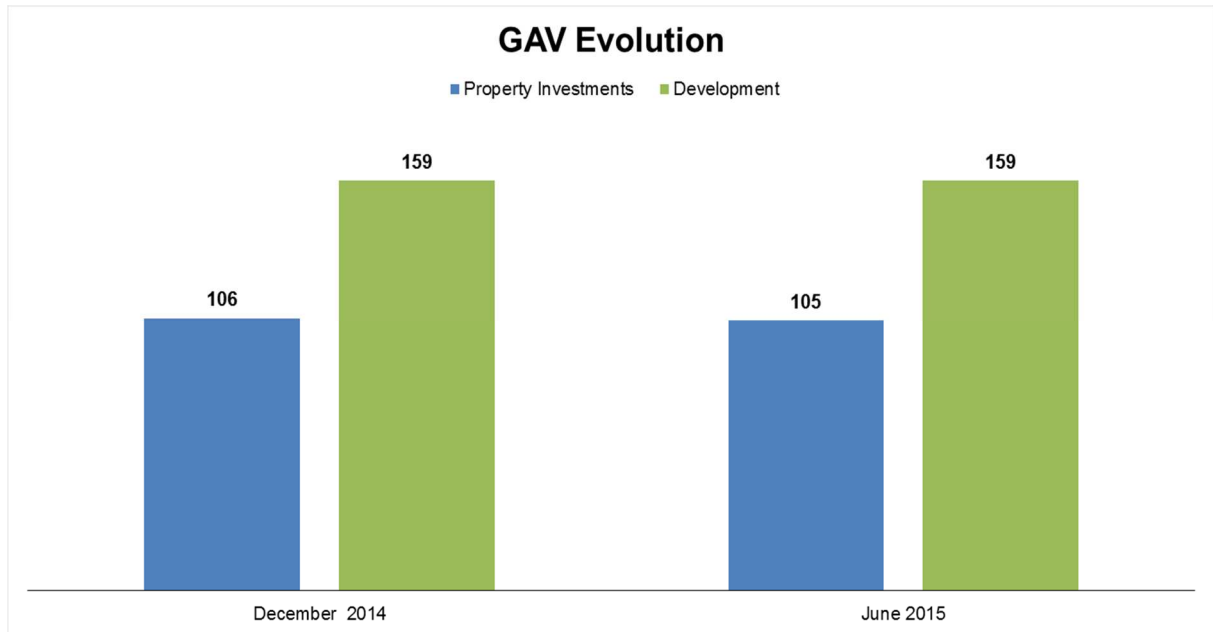
4.1 Total portfolio evolution

The Gross Asset Value (“GAV”) corresponds to the sum of fair value of all real estate assets held by the Group. The value of the assets owned in joint ventures is included at the percentage of economic interest.

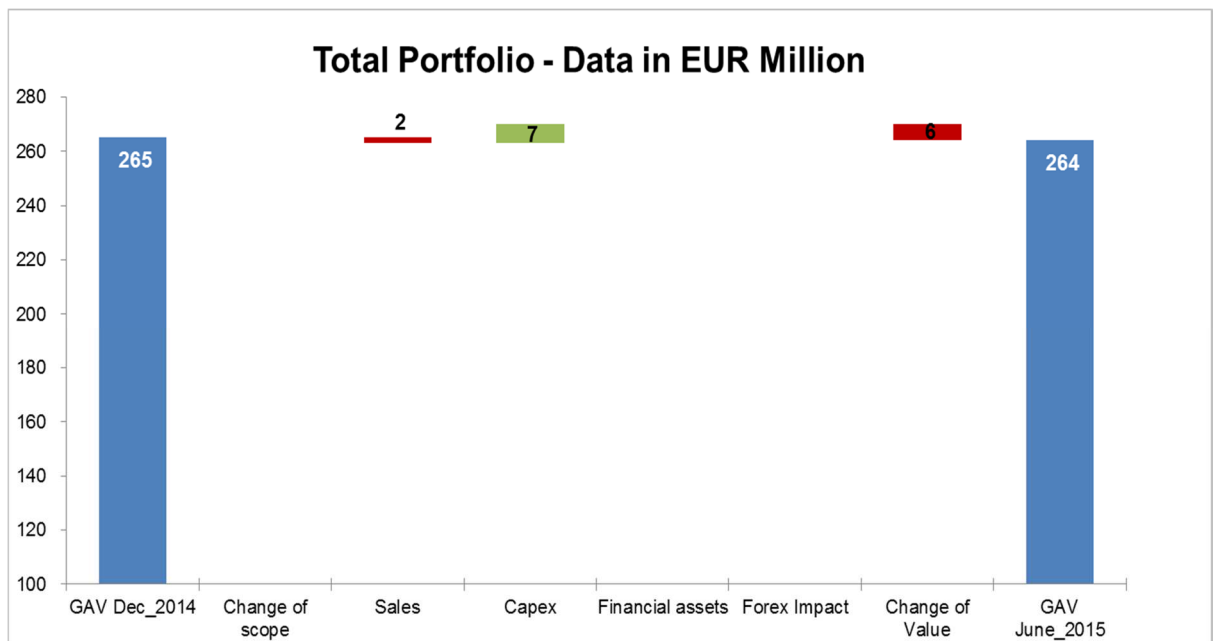
Over the first 6 months of the year 2015, the GAV decreased from EUR 265 million down to EUR 264 million. The GAV breaks down into 40% of Property Investments and 60% of projects or land bank for the Development business line.



² The classification of GAV is in line with the vision of the management and is not always reflecting the IFRS classification disclosed in the Financial Statements.



Over the first half year 2015, the total GAV remained relatively stable.

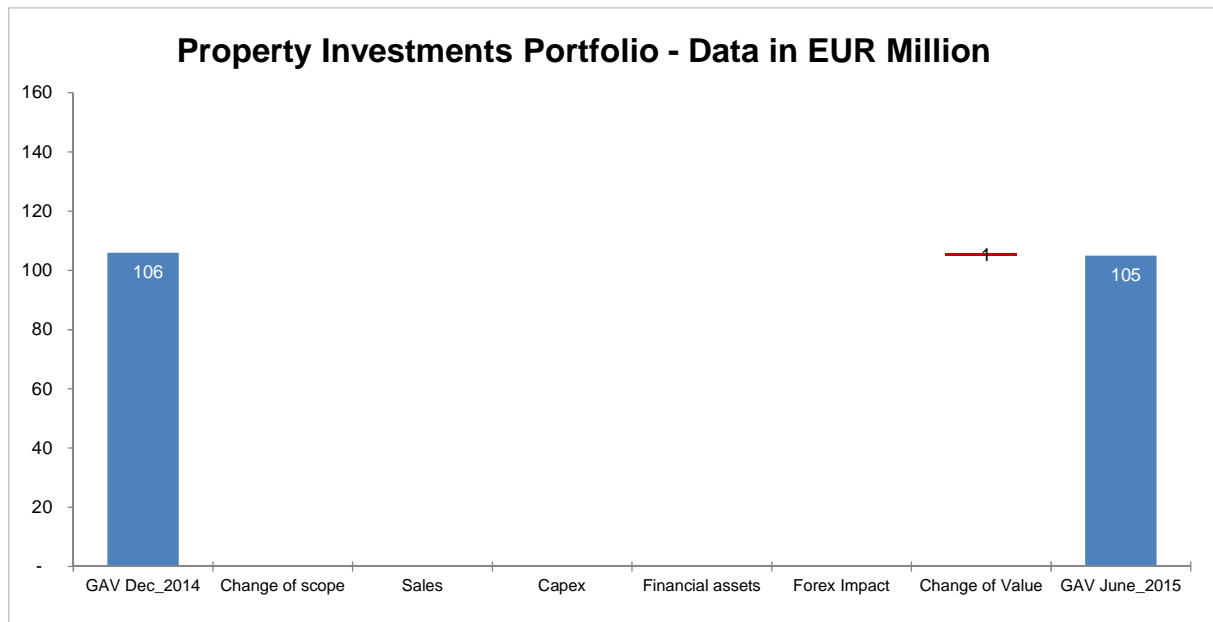


4.2 Property Investments evolution

4.2.1 Gross asset value

As of June 2015, the GAV of the Group's Property Investments business line represents EUR 105 million in value (35% for rental assets and 5% of Asset held for Development).

The EUR 1 million decrease, in comparison with amounts as of December 2014 was caused by the decrease in market value of one of the projects in Hungary.



4.2.2 Rental assets and Assets held for development

4.2.2.1 Changes in rental assets

As of June 2015, the rental assets' value is estimated at EUR 93 million. The same value was identified as of December 2014.

4.2.2.2 Changes in Assets Held for Development

As of June 2015, the Assets held for Development portfolio's value is estimated at EUR 11.9 million. In December 2014 the GAV of these assets amounted to EUR 12.5 million. The EUR 0.6 million change is composed of negative change in market value for project Vaci 190.

4.2.2.3 Business review

The Group is concentrating on long-term investments and the lease of real estate, mainly in the Central European region and Luxembourg. The activities of the Group are focused on rental income generating properties such as office, retail and industry and logistics. Additionally, the Group develops some residential development for future sale.

The property portfolio of the Group is reported on the balance sheet under the following positions:

"Property Investments" consist of rental properties and Asset held for sale.

"Development" consist of land bank (represents properties held for development and/or capital appreciation), inventories, residential and Asset held for sale (comprise properties are intended for a future sale in the ordinary course of business).

4.2.2.4 Property valuation

The consolidated interim condensed financial information of the Group as of 30 June 2015 were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the Investment properties owned by the Group must be stated at fair value (present value), the regular valuation of these properties by independent experts is recommended.

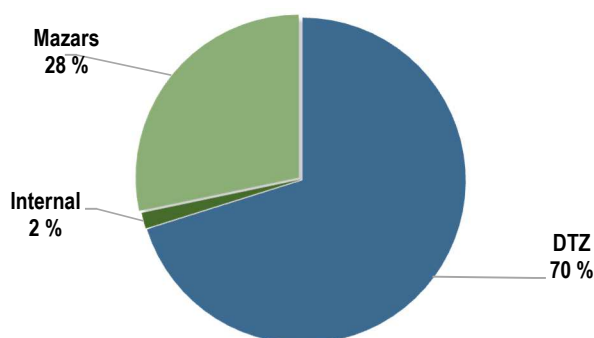
The property portfolio valuation as at 30 June 2015 is based on reports issued by:

- DTZ. DTZ is a global leader in property services. The organization has more than 28,000 employees, operating in more than 260 offices in 50 countries and offers a complete range of tailored services on any scale, across multiple

service lines and geographies. In the Czech Republic provides occupiers and investors on a local, regional and international scale with industry leading, end to end property solutions. DTZ in the Czech Republic has over 80 employees operating across 2 offices;

- Mazars. Mazars is an international, integrated and independent organisation, specialising in audit, accountancy, tax, legal and advisory services. Mazars and its correspondents operate throughout 92 countries. 73 of these countries are part of Mazars' integrated partnership and draw on the expertise of over 15,000 professionals to assist major international groups, SMEs, private investors and public bodies at every stage of their development. The Praxity Alliance offers Mazars operating capacity via professional teams in 19 additional countries.

Property Portfolio by valuator

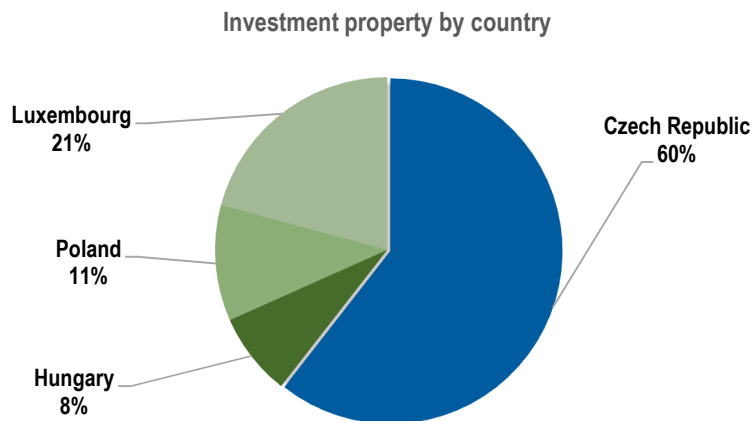
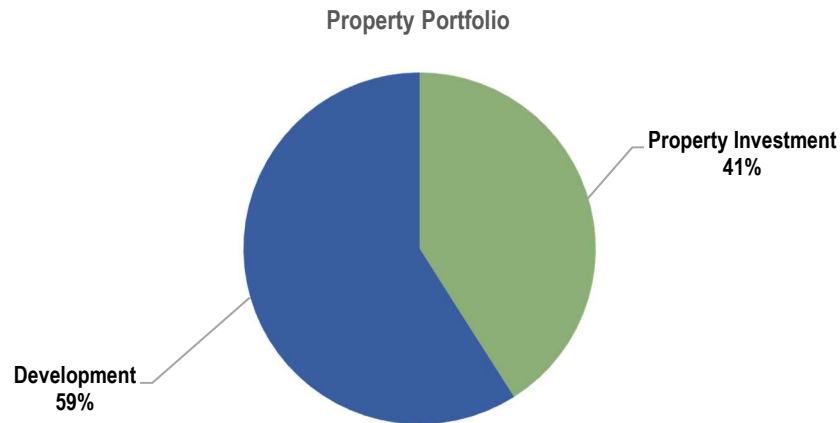


The following table shows the carrying value of the Group's property portfolio as of 30 June 2015 and 31 December 2014:

Property portfolio 30 June 2015	Property Investment	Development	Carrying value	Carrying value %	Bank Loans
Czech Republic	63,792	149,992	213,784	82%	53,234
Croatia	-	1,292	1,292	1%	-
Hungary	8,200	-	8,200	3%	-
Poland	11,409	340	11,749	5%	5,019
Luxembourg	21,930	-	21,930	9%	15,636
CE property portfolio	105,331	151,624	256,955	100%	73,889

Property portfolio 31 December 2014	Property Investment	Development	Carrying value	Carrying value %	Bank Loans
Czech Republic	61,690	152,936	214,626	83%	65,320
Croatia	-	1,124	1,124	0%	-
Hungary	10,800	-	10,800	4%	-
Poland	11,300	433	11,733	5%	5,072
Luxembourg	21,770	-	21,770	8%	16,611
CE property portfolio	105,560	154,493	260,053	100%	87,003

The Group property value total EUR 256,954 thousand as of 30 June 2015 (31 Dec 2014: EUR 260,053 million). As showed in the chart below, 41% of the Group property portfolio value is made of property investment assets. The majority of the income generating assets are located in the Czech Republic with 60% of the total value, followed by Luxembourg with 21%, Poland with 11% and Hungary with 8%.



4.2.2.5 Property Investment

Investment Property - renting 30 June 2015	Carrying value	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Average rent EUR / SQM	Bank Loans
Prague, Czech republic	63,792	60%	60	83.0%	8.0	43,621
Budapest, Hungary	8,200	8%	16	10.8%	4.1	-
Warsaw, Poland*	11,409	11%	36	24.7%	4.6	5,019
Capellen, Luxembourg	21,930	21%	8	90.8%	21.9	15,636
Portfolio total	105,331	100%	120	56.4%	7.4	64,276

*include asset held for sale

Investment Property - renting 31 December 2014	Carrying value	Carrying value %	Gross lettable area thds. sqm	Occupancy %	Average rent EUR / SQM	Bank Loans
Prague, Czech republic	61,690	58%	60	79.0%	8.4	54,958
Budapest, Hungary	10,800	10%	16	14.2%	4.2	-
Warsaw, Poland	11,300	11%	36	24.7%	4.4	2,096
Capellen, Luxembourg	21,770	21%	8	91.1%	22.7	16,611
Portfolio total	105,560	100%	120	54.9%	9.2	73,665

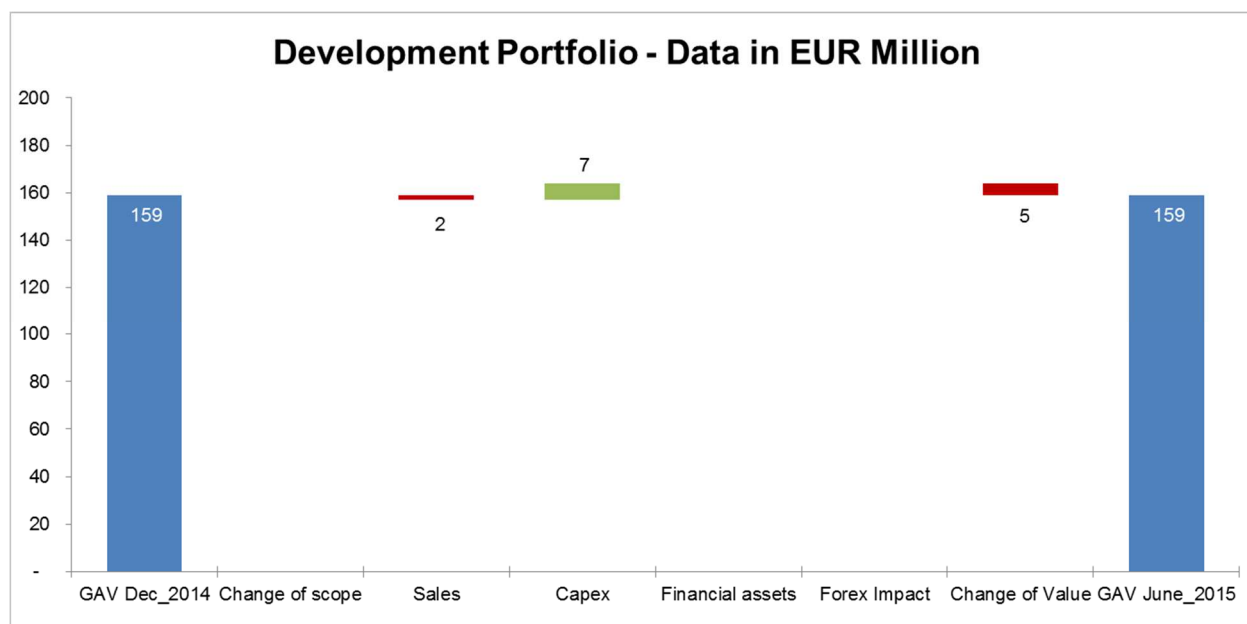
Investment property renting portfolio with a carrying value of EUR 105,331 thousand (31 December 2014: EUR 105,560 thousand) represents the major part of the Group's property portfolio. The Group is renting out a great variety of assets but is primarily focusing on office, retail and industrial. Together it carrying value 120 thousand sqm of lettable area. There has not been significant changes in the portfolio compared to 31 December 2014 where those portfolio has 120 thousand sqm of lettable area.

The renting investment property portfolio is financed by bank loans in total of EUR 64,276 thousand (31 December 2014: EUR 73,665 thousand).

4.3 Development evolution

4.3.1 Gross asset value

The Group's development portfolio consists of commercial properties or land designated as future development, to be transferred to the Property Investments business line or sold, and residential projects made of land bank to be developed or buildings to be refurbished/converted, to be sold.



As of June 2015, the Group's development GAV amounts to EUR 159 million (56% land bank, 33% commercial and mixed use developments and 11% of residential developments). The development assets are mainly located in the Czech Republic (99%) with key projects such as Bubny and Benice in Prague.

4.3.2 Commercial developments

4.3.2.1 Changes in commercial developments

The commercial development portfolio consists of properties and land plots that the Company has developed or is developing across CEE region to keep and manage or sell. The ongoing and finished projects are office, retail or mixed-use projects but also land plots for which the Company acts as a land developer.

The GAV of commercial developments portfolio, which mainly encompasses the Bubny project, decreased to EUR 52 million. This decline of EUR 13 million is explained by net decrease in market value, which is impacted by uncertainty regarding the future change of Bubny masterplan.

4.3.2.2 Business review

Key Project held in portfolio as of June 2015						
Committed	Location	Asset type	Area in SQM	Permit status	Current value June 2015 EUR million	ERV EUR million
Bubny	Czech Republic, Prague	Mixed commercial	24 ha*	Pending	52.0	NA
*3.6 ha of the Bubny landplot are now held at 20% through a joint venture with Unibail Rodamco and are not included in the value above						

Bubny is a challenging long term development project close to the city centre. Bubny remains the last brownfield plot in the centre of Prague and the Group intends to develop mixed-use area consisting of residential and commercial units, offices and shops as well as educational, medical, and cultural facilities. In addition, a modern train terminal on Vltavská metro station and large green spaces will be incorporated. The main goal for the mid-term period is to continue in the process to change the Bubny masterplan.

4.3.3 Residential developments

4.3.3.1 Changes in residential developments

The Group's opportunistic residential developments are aimed at the middle and upper market segments in Prague.

The increase of EUR 3 million over the first half of the year 2015 (June 2015 GAV amounting to EUR 18 million compared to December 2014 EUR 15 million) is explained by increased FV of residential projects Kosik 3b and 3c.

Projects completed - Inventory

Over the H1 2015, the completed inventories were almost sold out.

- V Mezihori: The site is located in Prague 8, Palmovka, approximately 3 km from Prague City centre, with the metro and tram stations of Palmovka within walking distance. Construction of this project with 138 apartments was completed in Q3 2013 with deliveries starting in Q4 2013. As of June 2015, 100% was delivered. In general, Mezihori project was very successful with selling faster and for higher prices than budget (by 2.6%, despite two VAT increases) and significant cost savings led to an overall profitability improvement by EUR 1.6 million. Mezihori project won multiple awards from both reality experts as well as general public (Construction & Investment Journal's "Best Residential Development" award, Conventia's "Project of the year"). The success of Mezihori serves as a springboard for the upcoming residential projects.
- Mostecka: The project is a mixed-use space with ground floor, basement and inner courtyard designated for retail and commercial space, and upper floors used for apartments. As of June 2015, 100% of the residential area was delivered with remaining of one commercial unit (former cinema) for a total area of 2,6 thousand SQM. This unit was transferred into its own SPV and the Group is now negotiating about the sale with one potential buyer.

- Kosik 1-3A: Kosik project is a joint venture with GE dedicated to the development of the site into an all-inclusive residential area featuring commercial units, play grounds and sport facilities. All but one commercial unit in Kosik 1 & 2 have been delivered. The value indicated represents the market value of the remaining units owned by the Group at 50%. As of June 2015, 99% of phases 1, 2 and 3A are delivered.
- Klonowa Aleja: the Property, located in the Targówek district of Warsaw, comprises 284 apartments as well as retail space and underground car parking facilities (402 parking spaces). The project was completed at the beginning of the year 2010 and as of June 2015, 98% of the total areas are delivered.

Projects under construction

As of June 2015, there were ongoing residential developments: Kosik 3B and Benice 1 in Prague.

- Benice – Phase 1: the Project Benice is a large scale residential development located in the south east of Prague, about 15 kilometres from the city center. Phase 1B is currently on offer comprising 32 row houses, semi-attached and detached houses, which were completed during H1 2014, and 4 apartments and 2 commercial units to be completed in Q4 2014. As of June 2015, 95% SQM of the project is delivered. An additional phase, Benice 1C with 9 houses is currently under the construction with completion planned for 2016. Phases II-V, whose value is not included in the table above as they are categorized as land bank, will be developed in the future.

Kosik 3B – this is the last phase of the Kosik project comprising of 253 units, which is divided into two sub-phases. Having capitalized on its long term experience of this localization of Prague and on the success of the project V Mezihori, the Group is confident in the positive prospect of the project. Sale of the first sub-phase with 153 units was launched in Q4 2013 and has exceeded expectations with 137 units pre-sold as of June 2015. Completion of the first sub-phase is scheduled for H2 2015 with first deliveries still in 2015, remainder in 2016. The second sub-phase containing 80 units was launched in Q4 2014, with construction started in Spring 2015 and completion planned for H2 2016, and follows the success of the first sub-phase with 45 units pre-sold as of June 2015.

4.3.4 Land bank and assimilated

The total GAV of the land bank and assimilated (including empty buildings and land plots to develop or redevelop classified in the IFRS financial information under investment properties or inventories) increased from EUR 79 million in December 2014 up to EUR 89 million in June 2015.

This increase of EUR 10 million year on year is driven by:

- EUR 6.1 million of change due to new acquisition
- EUR 4.8 million of change due to positive increase in market value
- EUR 0.5 million of sales

As of June 2015, the Group holds some 2.1 million SQM of land plots (0.3 million SQM zoned and 1.8 million SQM unzoned). The potential GEFA development is currently estimated at 0.8 million SQM. Potential GEFA is not estimated on all the land plots and should be considered here as only an indication of the potential pipeline on the short to mid-term basis.

The table below summarizes the land bank status per country and gives an estimate of the current projected GEFA. In the “other category” are land plots included in the reported gross asset value of other sub group of the portfolio (rental, commercial development or residential development).

Country	With zoning		Without zoning		Total	
	Land plot area	GEFA estimated	Land plot area	GEFA estimated*	Land plot area	GEFA estimated*
The Czech Republic	95 738 sqm	96 801 sqm	800 305 sqm	66 250 sqm	896 043 sqm	163 051 sqm
Poland	69 681 sqm	59 726 sqm	35 573 sqm	47 256 sqm	105 254 sqm	106 982 sqm
Slovakia	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm
Croatia	6 208 sqm	0 sqm	104 944 sqm	0 sqm	111 152 sqm	0 sqm
Germany	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm
Sub-total land bank	171 627 sqm	156 527 sqm	940 822 sqm	113 506 sqm	1 112 449 sqm	270 033 sqm
The Czech Republic	18 881 sqm	32 008 sqm	885 813 sqm	530 400 sqm	904 694 sqm	562 408 sqm
Poland	131 130 sqm	0 sqm	0 sqm	0 sqm	131 130 sqm	0 sqm
Slovakia	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm
Croatia	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm
Germany	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm
Sub-total other category	150 011 sqm	32 008 sqm	885 813 sqm	530 400 sqm	1 035 824 sqm	562 408 sqm
Total	321 638 sqm	188 535 sqm	1 826 635 sqm	643 906 sqm	2 148 273 sqm	832 441 sqm

GEFA estimated*: the figure is presented here as an estimation only on the basis of the latest internal study performed. Only building permit determine the authorized GEFA. All the land plot are not systematically covered with a GEFA estimate.

Over H1 2015, the Landbank decreased due to the sale of land plot in Ostrava. This decrease was offset by new acquisition in the Czech Republic made during 1Q 2015. New acquisitions contain two development projects for residential use, counting approximately 42 thousands SQM of developable land area in Prague and the surroundings.

Together with the acquisitions made in H2 2014, these future projects, developable in the coming years, consist of freehold land with a potential for development of residential, office, hospitality and retail premises. The land bank provides the support for the future pipeline of the Group. Praga, Benice 2-5 or Nupaky in Prague amounting to circa 870,000 SQM of landbank, of which 31,500 are zoned, are currently under review to be potentially developed for residential development projects over the coming years. The plot of Bubny amounting to nearly 240,000 SQM of land in Prague 7 (including joint venture with Unibail Rodamco) is at the core of the commercial development pipeline in Central Europe.

5 Liabilities and financial profile

5.1 Cash and cash equivalents

As at 30 June 2015, cash and cash equivalents consist of cash in bank for EUR 3.9 million (EUR 7.1 million in December 2014) and cash in hand for EUR 17 thousand (EUR 9 thousand in December 2014). There were short-term deposits for EUR 28 thousand in December 2014, but none reported in June 2015.

5.2 Loan to value

The calculation of the Loan to value (LTV) as at 30 June 2015 is shown in the table below.

	30 June 2015	31 December 2014
Non current liabilities		
Financial debts	52,632	65,252
Non-current Bonds	59,714	62,237
Current liabilities		
Financial debts	27,957	13,557
Current Bonds	4,375	278
Accrued interest	938	915
Liabilities linked to assets held for sale	4,013	237
Current assets		
Current financial assets	-	-
Cash and cash equivalents	(3,951)	(7,103)
Net debt	145,678	135,373
Investment property	239,826	249,236
Investments in equity affiliates	4,073	35
Financial assets at fair value through profit or loss	599	2,627
Financial assets available-for-sale	96,118	86,995
Non current loans and receivables	7,962	4,669
Inventories	8,304	9,422
Assets held for sale	8,824	1,395
Revaluation gains / (losses) on projects and properties	483	697
Fair value of portfolio	366,189	355,076
Loan to Value	39.8%	38.1%

The LTV ratio as at 30 June 2015 is 39.8 % and slightly increased compared to 38.1 % as at 31 December 2014. Total amount of financial liabilities including bonds is EUR 144.7 million as at the end of June 2015 in comparison to EUR 141.3 million at the end of 2014. Fair value of portfolio evaluated from EUR 355.1 million to EUR 366.2 million.

5.3 Financial liabilities

Financial liabilities amount to EUR 147.7 million including EUR 70.9 million related to bank loans on projects that are not under a disposal process, EUR 3 million related to the bank loans financing the assets held for sale, EUR 64.1 million related to Safeguard Bonds and New Notes issued by the Company and EUR 9.6 million related to loan from CPI PG.

Analysis of maturities of financial debts

in EUR Million	Less than one year - Bank loans linked to AHS	Less than one year - Others	1 to 3 years	3 to 5 years	More than 5 years	Total
As at 30 June 2015	3.0	32.3	34.0	65.0	13.3	147.7
As at 31 December 2014	-	13.9	45.5	67.5	14.5	141.3
Variation	3.0	18.4	(11.5)	(2.5)	(1.2)	6.4

Financial liabilities increased by EUR 3.4 million. This variation is explained by following transactions:

- additional drawdown of short-term loan provided by CPI PG (EUR 7.6 million);
- adjustment on Safeguard bonds booked in accordance with the termination of Safeguard plan (EUR 2.1 million)
- repayment on New Notes (EUR -2.2 million);
- repayments of bank loans for total amount of EUR 3.2 million and related to Bubenská (EUR 1.8 million), Na Poříčí (EUR 0.5 million), Capellen (EUR 0.5 million), Hradčanská (EUR 0.4 million).

6 EPRA Net Asset Value³

The EPRA Net Asset Value (EPRA NAV) per share as of 30 June 2015 is EUR 0.66 compared to EUR 0.67 as at 31 December 2014.

The Triple NAV amounts to EUR 0.65 per share compared to EUR 0.66 at the end of last year. The calculation is compliant with the EPRA (European Public Real Estate Associations) "Triple Net Asset Value per share" standard methodology which is described below.

	June 2015	December 2014
Consolidated equity	203,544	205,510
Fair Value adjustment on asset held for sales	356	-
Fair value adjustments on inventories	127	697
Deferred taxes on revaluations	2,833	4,112
Goodwills	-	-
Own equity instruments	-	-
EPRA Net asset value	206,860	210,319
Existing shares (in thousands)	314,508	314,508
Net asset value in EUR per share	0.66	0.67
EPRA Net asset value	206,687	210,319
Deferred taxes on revaluations	(2,833)	(4,112)
Fair value adjustment of bonds issued by the Group (*)	-	-
EPRA Triple Net asset value	204,027	206,207
Fully diluted shares	314,508	314,508
Triple net asset value in EUR per share	0.65	0.66

(3) EPRA Triple Net Asset Value Methodology:

The triple NAV is an EPRA recommended performance indicator.

Starting from the NAV following adjustments are taken into consideration:

- Effect of dilutive instruments: financial instruments issued by company are taken into account when they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.
- Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.
- Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.

As part of the EPRA requirements, OPG discloses the calculation of EPRA NAV and EPRA NNNNAV.

Over the first half of 2015 the consolidated equity decreased by EUR 2 million. The main driver of this decrease is the loss of the period amounting to EUR 17.4 million, which is compensated by foreign exchange gains of EUR 3.3 million and revaluation gain of EUR 11.8 million.

7 Income statement

The first half of 2015 is reflecting stabilization after the reorganization of the Group throughout 2014. In line with this, the Group recorded lower net loss attributable to owners of the Company in the amount of EUR 17.1 million compared to a loss of EUR 63.0 million over the same period of 2014.

7.1 Consolidated income statement

	6 months 2015	6 months 2014
Revenue	7,330	16,805
<i>Sale of goods</i>	770	7,892
<i>Rent</i>	3,974	5,037
<i>Hotels and restaurants</i>	-	1,040
<i>Services</i>	2,586	2,836
Net gain from fair value adjustments on investment property	(13,976)	(469)
Other operating income	108	244
Net result on disposal of assets	73	9
Cost of goods sold	(865)	(6,452)
Employee benefits	(514)	(15,332)
Amortisation, impairments and provisions	4,994	(9,974)
Operating expenses	(8,346)	(8,839)
Operating result	(11,196)	(24,008)
Interest expense	(5,717)	(13,642)
Interest income	441	882
Foreign exchange result	1,638	(2,842)
Other net financial results	(7,104)	(20,933)
Financial result	(10,742)	(36,535)
Share of profit or loss of entities accounted for using the equity method	3,004	(206)
Loss before income taxes	(18,934)	(60,749)
Income taxes	1,520	(920)
Loss from continuing operations	(17,414)	(61,669)
Loss after tax from discontinued operations	-	(2,817)
Net loss for the period	(17,414)	(64,486)
Total loss attributable to:		
Non controlling interests	(324)	(1,466)
Owners of the Company	(17,090)	(63,019)

The income statement and relevant tables in the notes which provide detailed breakdown of the income or expense refer to continuing operations only.

7.2 Operating result

The operating result as of June 2015 is a loss of EUR 11.2 million compared to a loss of EUR 24.0 million over the same period in 2014. The improvement of EUR 12.8 million is driven mainly by reducing costs associated with termination indemnities paid over H1 2014 (EUR 12.3 million).

7.3 Revenue by Business line

Revenue decreased year on year to EUR 7.3 million for the first half of 2015 compared to EUR 16.8 million over the same period in 2014 (-56 % y-o-y). This decrease comes primarily from the Development business line and results from sale of residential units on project V Mezihoří and Mostecká realized in 2014.

	Development	Property Investments	Total
YTD Revenue			
As at June 2015	1,342	5,988	7,330
As at June 2014	8,084	8,721	16,805
Variation	(6,742)	(2,733)	(9,475)

7.3.1 Development

7.3.1.1 Residential

Residential development sales have decreased from EUR 8.0 million as of June 2014 to EUR 0.8 million as of June 2015.

The main contributors to the revenue are:

- In Prague: V Mezihoří (EUR 0.3 million), Benice I (EUR 0.4 million) for total revenue generated in the Czech Republic of EUR 0.7 million to be compared to EUR 6.6 million in 2014.
- In Warsaw: Klonowa Aleja (EUR 0.1 million) for total revenue generated in Poland of EUR 0.1 million to be compared to EUR 0.6 million in 2014.

7.3.1.2 Commercial

Commercial development revenue of H1 2015 slightly increased by EUR 0.4 million compared to 2014. The only contributor is rental revenue generated on project Zbrojovka Brno.

7.3.2 Property Investments

The Property Investments revenue decreased by 31.3% compared to 2014, it reached EUR 6.0 million as of June 2015 (compared to EUR 8.7 million in 2014).

Rental activity and management services generated revenue of EUR 6.0 million over H1 2015, which is lower compared to EUR 7.6 million over the same period in 2014. Main contributors to decrease of EUR 2.3 million on rental activity are disposed assets Hlubočky and Dunaj (EUR 1.1 million) and deconsolidated Hungarian assets which are not contributing to the revenue after loss of control as a result of the bankruptcy procedure (EUR 0.6 million).

7.4 Operating expenses and Employee benefits

The total operating expenses including employee benefits amount to EUR 8.9 million compared to EUR 24.2 million in H1 2014.

	30 June 2015	30 June 2014
Leases and rents	(57)	(178)
Building maintenance and utilities supplies	(1,303)	(2,078)
Marketing and representation costs	(220)	(726)
Administration costs	(4,111)	(4,954)
Taxes other than income tax	(366)	(643)
Hospitality specific costs	0	(106)
Other operating expenses	(2,290)	(155)
Employee benefits	(514)	(15,332)
Total operating expenses	(8,861)	(24,171)

Consolidated operating expenses can be split into direct asset or project costs generating revenues ('Operation costs') which amount to EUR 3.6 million (EUR 6.0 million in H1 2014) and general management or services expenses ('Service companies costs') in the amount of EUR 5.2 million (EUR 18.2 million in H1 2014).

Other operating expenses increased by EUR 2.1 million compared to H1 2014 due to write-off receivables of Hungarian companies.

Employee benefits decreased by EUR 14.8 million compared to H1 2014 because of strong reduction of local teams and termination indemnities paid during H1 2014.

7.5 Valuation adjustments and impairments

The net revaluation loss for the first six months of 2015 amounts to EUR 14.0 million which is the result of new valuations performed in June on all properties.

The impact of fair value and impairments on real estate assets or investments is detailed by country as follows:

	Freehold buildings	Extended stay hotels	Land bank	TOTAL
Czech Republic	974	-	(10.923)	(9.949)
Poland	(1,120)	-	-	(1,120)
Croatia	-	-	(407)	(407)
Hungary	(2,660)	-	-	(2,660)
Luxembourg	160	-	-	160
At 30 June 2015	(2,646)	-	(11.330)	(13.976)

7.6 Adjusted EBITDA⁴

The adjusted EBITDA decreased by EUR 1.0 million and amounts to EUR -2.3 million as at 30 June 2015, compared to EUR -1.3 million in 2014.

Following the improvement of operational result, development segment reports improved adjusted EBITDA (EUR 2.7 million).

In Property Investments, the negative variation of EUR 3.8 million is mainly impacted by declined EBITDA in Renting activity, decreasing by EUR 3.5 million due to decreased revenue and no termination indemnities contributing in 2015, but reported in 2014.

	Development	Property Investments	TOTAL
Operating Result - 6m 2015	(11,476)	279	(11,197)
Net gain or loss from fair value adjustments on investment property	11,321	2,655	13,976
Amortisation, impairments and provisions	(822)	(4,172)	(4,994)
Termination indemnities	-	-	-
Net result on disposal of assets	-	(73)	(73)
Adjusted EBITDA - 6m 2015	(977)	(1,311)	(2,288)
Adjusted EBITDA - 6m 2014	(3,732)	2,462	(1,270)
Variation YoY	2,755	(3,773)	(1,018)

7.7 Financial result

The financial result improved from a loss of EUR 20.9 million to a loss of EUR 7.1 million as at 30 June 2015, which is reflecting stabilization after reorganization of the Group in 2014.

	30 June 2015	30 June 2014	Variance
Change in fair value and realized result on derivative instruments	158	(117)	275
Change in fair value and realized result on other financial assets	(2,121)	(20,224)	18,103
Other net financial results	(156)	(592)	435
Realized result on repayment of borrowings	(4,188)	-	(4,188)
Result on disposal of subsidiaries	(797)	-	(797)
Total	(7,104)	(20,933)	13,655

⁴ The Adjusted EBITDA is the recurring operational cash result calculated by deduction from the operating result of non-cash items and non-recurring items (Net gain or loss on fair value adjustments – Amortizations, impairments and provisions – Net gain or loss on the sale of abandoned developments – Net gain or loss on disposal of assets) and the net results on sale of assets or subsidiaries. Revenues and costs are allocated at the project level instead of the SPV level as some multi-project SPVs relate to both Development and Asset Management.

Other net financial results are mainly impacted by change in fair value and realized result on other financial assets, which relates to :

- impairment of RFE receivable of (EUR 0.6 million);
- a dividend received from Endurance residential Sub Fund in the amount of EUR 0.5 million;
- negative revaluation of EUR 2.0 million realized on investment in Endurance Fund.

Realized result on repayment of borrowings of (EUR 4.2 million) relates mainly to adjustment on early payment of safeguard liabilities e.g. bonds of EUR 2.1 million and Stein guarantee of EUR 1.8 million.

8 Table of location of EPRA indicators

EPRA Net Asset Value

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9 Glossary & definitions

Adjusted EBITDA

The Adjusted EBITDA is the recurring operational cash result calculated by deduction from the operating result of non-cash items and non-recurring items (Net gain or loss on fair value adjustments – Amortizations, impairments and provisions – Net gain or loss on the sale of abandoned developments – Net gain or loss on disposal of assets) and the net results on sale of assets or subsidiaries.

EPRA

European Public Real Estate Association.

EPRA NAV per share

EPRA NAV divided by the diluted number of shares at the period end. Formula is available into the EPRA NNNAV definition.

EPRA Net Initial Yield

The annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. (Calculated by the Group's external valuer).

EPRA NNNAV or EPRA Triple Net Asset Value

A company's adjusted per-share NAV.

Methodology:

The triple net NAV is an EPRA recommended performance indicator.

Starting from the NAV following adjustments are taken into consideration:

- *Effect to dilutive instruments: financial instruments issued by company are taken into account. When they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.*
- *Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.*
- *Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.*

As part of the EPRA requirements, OPG discloses the calculation of EPRA NAV and EPRA NNNAV.

Estimated rental value (ERV)

The estimated rental value at which space would be let in the market conditions prevailing at the date of valuation. (Calculated by the Group's external appraiser).

Gross asset value (GAV)

The sum of fair value of all real estate assets held by the Group on the basis of the consolidation scope and real estate financial investments (being shares in real estate funds, loans to third parties active in real estate or shares in non-consolidated real estate companies).

Gross Lettable Area (GLA)

GLA is the floor space contained within each tenancy at each floor level by measuring from the dominant portion of the outside faces of walls, to the center line of internal common area/inter-tenancy walls.

Gross operating profit (GOP)

Total gross operating revenues (including room, food & beverage and other revenue) less gross operating expenses.

Gross rental income

Rental income from let properties after taking into account the net effects of straight-lining for lease incentives, including rent free periods. It includes turnover-based rents, surrender premiums, car parking income and other possible rental income.

Interests Cover Ratio (ICR)

The ICR is calculated by dividing the adjusted EBITDA of one period by the company's interests expenses of the same period.

Like-for-Like portfolio (L-f-L)

All properties held in portfolio since the beginning of the period, excluding those acquired, sold or included in the development program at any time during the period

Market value

The estimated amount determined by the Group's external valuer in accordance with the RICS Valuation Standards, for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing.

Net Lettable Area (NLA)

NLA (measured in square meters) is the floor space between the internal finished surfaces of permanent internal walls and the internal finished surfaces of dominant portions of the permanent outer building walls. It generally includes window frames and structural columns and excludes toilets, cupboards, plant/motor rooms and tea rooms where they are provided as standard facilities in the building. It also excludes areas dedicated as public spaces or thoroughfares such as foyers, atrium and building service areas.

Net rental income

Gross rental income less ground rents payable, service charge expenses and other non-recoverable property operation expenses.

Occupancy rate (sq.m)

The ratio of leased premises to leasable premises

Passing rent

The estimated annualised cash rental income being received as at the reporting date, excluding the net effects of straight-lining for lease incentives.

Reversion

The estimated change in rent at review, based on today' market rents expressed as a percentage of the contractual rents passing at the measurement date (but assuming all current lease incentives have expired).

Vacancy

The amount of all physically existing space empty at the end of the period.



ORCO PROPERTY GROUP S.A.

40 rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg B 44996
(the "Company")

**DECLARATION LETTER
INTERIM FINANCIAL REPORT
AS AT 30 JUNE 2015**

1.1. Person responsible for the Semi - Annual Financial Report

- Mr. Jiří Dederá, acting as Chief Executive Officer and Managing Director of the Company, with professional address at 40 rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg, email: jdedera@orcogroup.com.

1.2. Declaration by the persons responsible for the Semi - Annual Financial Report

The undersigned hereby declare that, to the best of its knowledge:

- the condensed consolidated interim financial information of the Company as at 30 June 2015, prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and result of the Company and its subsidiaries included in the consolidation taken as a whole; and
- the Management report as at 30 June 2015, provides a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. Jiří Dederá.

Prague, 27 August 2015

A handwritten signature in blue ink, appearing to read "Jiri Dederá", is written over a horizontal line.

Mr. Jiří Dederá
CEO, Managing Director

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ORCO PROPERTY GROUP

Société Anonyme

Condensed consolidated interim financial information

for the period of six months ended 30 June 2015

Orco Property Group's Board of Directors has approved the condensed consolidated interim financial information for the period ended 30 June 2015 on 27 August 2015.

All the figures in this report are presented in thousands of Euros except if explicitly stated.

I. Condensed consolidated interim income statement

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	Note	6 months 2015	6 months 2014
Revenue	3	7,330	16,805
Sale of goods		770	7,892
Rent		3,974	5,037
Hotels and restaurants		-	1,040
Services		2,586	2,836
Net loss from fair value adjustments on Investment Property	3/4	(13,976)	(469)
Other operating income	3	108	244
Net result on disposal of assets	3	73	9
Cost of goods sold	3/6	(865)	(6,452)
Employee benefits	3	(514)	(15,332)
Amortization, impairments and provisions	3	4,994	(9,974)
Other operating expenses	3	(8,346)	(8,839)
Operating result		(11,196)	(24,008)
Interest expense	10.3	(5,717)	(13,642)
Interest income		441	882
Foreign exchange result		1,638	(2,842)
Other net financial results	12	(7,104)	(20,933)
Financial result		(10,742)	(36,535)
Share of profit or loss of entities accounted for using the equity method		3,004	(206)
Loss before income taxes		(18,934)	(60,749)
Income taxes		1,520	(920)
Loss from continuing operations		(17,414)	(61,669)
Loss after tax from discontinued operations		-	(2,817)
Net loss for the period		(17,414)	(64,486)
Total loss attributable to:			
Non-controlling interests		(324)	(1,466)
Owners of the Company		(17,090)	(63,020)
Basic earnings in EUR per share	13	(0.05)	(0.55)
Diluted earnings in EUR per share	13	(0.05)	(0.55)

The condensed consolidated interim income statement and relevant tables in the Notes which provide detailed breakdown of the income or expense refer to continuing operations only.

II. Condensed consolidated interim statement of comprehensive income

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	6 months 2015	6 months 2014
Net loss for the period	(17,414)	(64,486)
Other comprehensive income/ (loss)		
Items that may be reclassified subsequently to profit or loss	15,131	1,265
Currency translation differences	3,355	1,265
Change in value of available-for-sale financial assets	2 11,776	
Items that will not be reclassified subsequently to profit or loss	-	-
Remeasurements of post-employment benefit obligations	-	-
Total comprehensive loss attributable to:	(2,283)	(63,221)
Owners of the Company	(1,966)	(61,768)
Non-controlling interests	(317)	(1,453)

III. Condensed consolidated interim statement of financial position

The accompanying notes form an integral part of this condensed consolidated interim financial information.

ASSETS			
	Note	30 June 2015	31 December 2014
NON-CURRENT ASSETS		349,556	344,630
Intangible assets		-	38
Investment property	4	239,826	249,236
Property, plant and equipment		978	1,030
Fixtures and fittings		978	1,030
Equity method investments	5.4	4,073	35
Financial assets at fair value through profit or loss	5.1	599	2,627
Financial assets available-for-sale	5.2	96,118	86,995
Non-current loans and receivables	5.3	7,962	4,669
CURRENT ASSETS		18,901	28,089
Inventories	6	8,304	9,422
Trade receivables		4,060	2,362
Cash and cash equivalents	8	3,951	7,103
Other current financial assets		395	6,092
Other current non-financial assets		2,191	3,110
ASSETS HELD FOR SALE	7	8,824	1,395
TOTAL		377,281	374,114

EQUITY & LIABILITIES			
		30 June 2015	31 December 2014
EQUITY		203,733	206,016
Equity attributable to owners of the Company	14	203,544	205,510
Non-controlling interests		189	506
LIABILITIES		173,548	168,098
Non-current liabilities		120,020	138,795
Bonds	10.1	59,714	62,237
Other financial debts	10.2	52,632	65,252
Provisions and other long term liabilities		5,017	7,209
Deferred tax liabilities		2,657	4,097
Current liabilities		49,515	29,066
Current bonds	10.1	4,375	278
Other financial debts	10.2	27,957	13,557
Trade payables		3,260	4,008
Advance payments		1,617	1,474
Derivative instruments		445	599
Other current financial liabilities		4,429	4,414
Other current non-financial liabilities		7,432	4,736
LIABILITIES HELD FOR SALE	7	4,013	237
TOTAL		377,281	374,114

IV. Condensed consolidated interim statement of changes in equity

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	Share capital	Share premium	Translation reserve	Treasury shares	Other reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 31 December 2013	229,015	647,164	10,267	(231)	(710,306)	175,909	87,208	263,117
Comprehensive income:								
Loss for the period					(63,020)	(63,020)	(1,466)	(64,486)
Other comprehensive income			1,252		-	1,252	13	1,265
Total comprehensive loss	-	-	1,252	-	(63,020)	(61,768)	(1,453)	(63,221)
Capital decrease of 8 April 2014	(114,507)				114,507	-		-
Capital decrease of 28 May 2014	(103,057)				103,057	-		-
Non-controlling interests' transactions					(10,250)	(10,250)	46,252	36,002
Deconsolidation of subsidiaries with non-controlling interests						-	(146,732)	(146,732)
Balance at 30 June 2014	11,451	647,164	11,519	(231)	(566,012)	103,891	(14,725)	89,166
Comprehensive income:								
Loss for the period					39,404	39,404	(61)	39,343
Other comprehensive income / (expense)			(2,833)		3,958	1,125	(835)	290
Total comprehensive loss	-	-	(2,833)	-	43,362	40,529	(896)	39,633
Capital increase of 10 November 2014	20,000	39,200				59,200		59,200
Own equity transactions				231	(187)	44		44
Non-controlling interests' transactions					1,846	1,846	(1,309)	537
Deconsolidation of subsidiaries with non-controlling interests						-	17,436	17,436
Balance at 31 December 2014	31,451	686,364	8,686	-	(520,991)	205,510	506	206,016
Comprehensive income:								
Loss for the period					(17,090)	(17,090)	(324)	(17,414)
Other comprehensive income			3,348		11,776	15,124	7	15,131
Total comprehensive loss	-	-	3,348	-	(5,314)	(1,966)	(317)	(2,283)
Balance at 30 June 2015	31,451	686,364	12,034	-	(526,305)	203,544	189	203,733

Definitions

Share Capital is the initial nominal (or par) value of the shares which the shareholders subscribed from the issuing company.

Share Premium is an excess amount received by the Company over the par value of its shares. This amount forms a part of the non-distributable reserves of the Company which usually can be used only for purposes specified under corporate legislation.

Translation Reserve includes exchange differences relating to the translation of the results and net assets of the group's foreign operations from operational to the Group's consolidation currency. Exchange differences previously accumulated in the translation reserve are reclassified to profit or loss on the disposal of the respective foreign assets and operations.

Treasury Shares are shares issued by the Company and controlled by itself. Treasury shares come from a repurchase or buyback from shareholders. These shares do not pay dividends, have suspended voting rights, and are not included in shares outstanding calculations.

Other Reserves are created from accumulated profits and losses and other equity operations, such as scope variations, variation of detention, or revaluation of assets. These reserves may be subject to the distribution of dividends.

Non-controlling interests are interests of the Group's equity not attributable, directly or indirectly, to a parent. They belong to those shareholders who do not have a controlling interest in the Group.

V. Condensed consolidated interim statement of cash flows

The accompanying notes form an integral part of this condensed consolidated interim financial information.

		30 June 2015	30 June 2014
OPERATING RESULT		(11,196)	(21,987)
Net (loss) from fair value adjustments on investment property	3/4	13,976	469
Amortization, impairments and provisions	3	(4,994)	10,978
Net result on disposal of assets	3	(73)	(7)
Other non-cash transactions		1,505	-
Adjusted operating loss		(782)	(10,547)
Financial result		(84)	(1,217)
Income tax paid		79	(1,054)
Financial result and income taxes paid		(5)	(2,271)
Changes in operating assets and liabilities		1,095	(29,898)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		308	(42,716)
Capital expenditures and tangible assets acquisitions		(752)	(1,625)
Proceeds from sales of non-current tangible assets		73	45
Purchase of intangible assets		-	(13)
Purchase of financial assets		-	(7)
Loans granted to joint ventures and associates		(60)	-
Dividends received		542	-
Proceeds from disposal of subsidiary		472	-
Proceeds from disposal of financial assets		-	57,119
Changes in the Group		-	(87,415)
NET CASH FROM INVESTING ACTIVITIES		275	(31,896)
Proceeds from capital increase in subsidiary by non-controlling interests		-	36,000
Proceeds from borrowings	10.2	7,710	3,214
Net interest paid		(1,981)	(5,940)
Repayment of New Notes	10.1	(2,226)	-
Repayments of borrowings	10.2	(3,914)	(29,738)
Repayment interests on Safeguard bonds and New Notes	10.1	(2,588)	(321)
NET CASH USED IN FINANCING ACTIVITIES		(2,999)	3,215
NET (DECREASE) IN CASH		(2,416)	(71,397)
Cash and cash equivalents at the beginning of the year		7,103	88,669
Cash and cash equivalents at the beginning of the year of assets reclassified to assets held for sale		(736)	(8,671)
Exchange difference on cash and cash equivalents		-	(29)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	3,951	8,572

Selected notes to the condensed consolidated interim financial information

1 General information

ORCO PROPERTY GROUP, *société anonyme* (the “Company”) and its subsidiaries (together the “Group” or “OPG”) is a real estate group with a portfolio in Central and Eastern Europe. It is principally involved in the development of properties for its own portfolio or intended to be sold in the ordinary course of business and is also active in leasing investment properties under operating leases as well as in asset management.

The Company is a joint stock company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg. The trade registry number of the Company is B 44 996.

The Company’s shares are listed on the regulated markets of NYSE EuroNext Paris and the Warsaw Stock Exchange.

The condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 August 2015.

The structure of the shareholders as at 30 June 2015 is as follows:

Aspley Ventures Limited (entity associated with Mr. Pavel Spanko)	100 000 000 shares 31.80% voting rights
Fetumar Development Limited (entity associated with Mr. Jan Gerner)	100 000 000 shares 31.80% voting rights
Gamala Limited (entity associated with Mr. Radovan Vitek)	35 177 765 shares 11.19 % voting rights
Others	79 329 864 shares 25.21 % voting rights
Total	314 507 629 shares 100.00 % voting rights

As at 30 June 2015 the Board of Directors consists of the following directors:

Mr. Jiri Dedera

Mr. Edward Hughes

Mr. Pavel Spanko

Mr. Guy Wallier

1.1 Changes in the Group structure

Over the first half of 2015, the following changes occurred in the Group:

1.1.1 Acquisition of development project

In line with its new strategy focusing on development projects, the Company entered on 19 December 2014 into a EUR 5.7 million 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. Following this acquisition the Group now owns an excellent developable land plot of approximately 64 thousand sqm with good location.

1.1.2 Liquidation of Orco Vagyonkezelő Kft.

Liquidation of Hungarian subsidiary Orco Vagyonkezelő Kft. has been ordered as of 25 June 2015. Consequently, the entity was deconsolidated from the Group.

2 Summary of significant accounting policies

2.1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with IAS 34, Interim Financial Reporting. It does not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

Going concern

In determining the appropriate basis of preparation of the consolidated financial information, the Board of Directors is required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group recorded a net loss after tax of EUR 17.4 million for the 6 month period ended 30 June 2015 (EUR 64.5 million as at 30 June 2014) and has had a net operating cash inflow of EUR 0.3 million. Notwithstanding the loss incurred for the six month period, the Board of Directors is of the view that no material uncertainty towards going concern exists as at 30 June 2015 based on the following reasons:

- A significant part of the loss suffered in the first half of 2015 is attributable to the loss from revaluation of investment property that has no impact on the Group's cash position.
- The Group had a cash and cash equivalents balance of EUR 3.9 million including restricted cash of EUR 1.8 million as at 30 June 2015.
- The Group has a stake of 4.82 % in CPI PROPERTY GROUP ("CPI PG") as at 30 June 2015. The fair value of this stake as at 30 June 2015 equals to EUR 96.1 million (see Note 5.2). The Group has concluded a put option agreement with Mr. Vitek concerning a significant portion of the shares in CPI PG (approximately 41 % of the total shares held by the Group). The Group is entitled to request Mr. Vitek, the major shareholder of CPI PG, to purchase part of these shares for a defined price (EUR 31.0 million) and consequently to ensure the liquidity for satisfaction of the Group's future liabilities.

Based on these facts, the Board of Directors considers the going concern basis of preparation to be appropriate for the condensed consolidated interim financial information. Accordingly the condensed consolidated interim financial information as at 30 June 2015 has been prepared on the going concern basis that contemplates the continuity of regular business activities and realization of assets together with the settlement of liabilities in the ordinary course of business.

2.2 Accounting policies

The accounting policies have been consistently applied by the Group's entities and are consistent with those applied by the Group for its 31 December 2014 consolidated financial statements, except for the determination of fair value of financial assets available for sale. For this determination of fair value the Group applies the EPRA NAV of CPI PG as reported as at 31 March 2015, while as at 31 December 2014 the fair value was based on quoted market price, refer also to Note 5.2.

The application of the revised and new standards and interpretation applied as from 1 January 2015 are described below:

New and amended standards adopted by the Group in 2015

The Group adopted IFRIC 21 "Levies" in 2015 without impact on the consolidated accounts of the Group.

The Group refers to the endorsement status of the new IFRS standards and amendments to standards and interpretations as they are published by the European Union (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.3 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that present a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

2.3.1 Properties fair value measurement and valuation process

The fair value of properties is based on the highest and best use of the assets as described by IFRS 13. It takes into account the use of the asset that is physically possible, legally permissible and financially feasible. On a general basis the current use of the asset has been considered as the highest and best use, but the possibility of a full redevelopment has been systematically tested and carefully evaluated.

The principal assumptions underlying management's estimation of fair value are those related to: the potential use of the asset, the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Valuation results are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market.

2.3.1.1 Valuation update

After an internal assessment and analysis of changes in the market, the management of the Group has appointed an external appraiser to perform an independent valuation of the investment properties.

2.3.1.2 Main observable and non-observable inputs

The following table presents the main observable and non-observable inputs supporting the valuation of the portfolio. In some specific cases the valuation is supported by a letter of interest or specific circumstances related to ownership. In those cases the carrying amount is different from the externally appraised value.

For a valuation of the Bubny property external valuer assumed in its valuation that change of master plan is in place. While the Group expects change of master plan within reasonable period of time, it disagreed with the above assumption used by the external valuer and for the purposes of the property valuation as at 30 June 2015 concluded that estimated fair value as provided by external valuer already reflects uncertainties in change of master plan. Bubny property is consequently valued in these financial statements as at 30 June 2015 in amount of EUR 51.9 million.

30 June 2015

Per asset type	Equivalent Yield		Initial Yield		Reversionary Yield	
	Min	Max	Min	Max	Min	Max
Central Europe portfolio Rental	6.8%	11.5%	3.1%	7.9%	7.1%	14.4%
Central Europe portfolio Asset held for development	9.2%	15.0%	5.2%	16.9%	10.6%	18.8%

31 December 2014

Per asset type	Equivalent Yield		Initial Yield		Reversionary Yield	
	Min	Max	Min	Max	Min	Max
Central Europe portfolio Rental	7.0%	15.0%	-2.2%	16.5%	7.4%	18.4%
Central Europe portfolio Asset held for development	9.4%	13.0%	4.7%	10.0%	10.7%	14.9%

The significant unobservable inputs used in fair value measurement categorized within level 3 of the fair value hierarchy of the Group's portfolios are:

- Equivalent Yield
- Estimated Rental Value (ERV) for rental asset or Gross Development Value (GDV) for development
- Capex for rental assets or Construction costs when the residual method is used

Change of the valuation rates would have the following impact on the portfolio of rental assets valued by discounted cash flow valuation method and income capitalization:

30 June 2015

Figures in EUR million

Investment Properties

Portfolio - Investment Properties	Equivalent Yield	
	EY - 25 bps	EY + 25 bps
Czech Republic	1.8	(1.7)
Hungary	0.1	(0.1)
Luxembourg	0.6	(0.6)
Poland	0.2	(0.2)
Total	2.7	(2.6)

EY : Equivalent Yield

31 December 2014

Figures in EUR million

Investment Properties

Portfolio - Investment Properties	Equivalent Yield	
	EY - 25 bps	EY + 25 bps
Czech Republic	2.1	(2.1)
Hungary	0.2	(0.2)
Luxembourg	0.7	(0.7)
Poland	0.2	(0.3)
Total	3.3	(3.3)

EY : Equivalent Yield

Furthermore, significant increase (or decrease) of the GDV or ERV assumptions would result in isolation in a similar significant increase (or decrease) of the fair value of the assets. Significant increase (or decrease) of costs or capital expenditures assumptions in isolation would result in a significantly lower (or higher) fair value measurement.

2.3.2 Fair value estimation

Fair value measurements of financial instruments reported at fair value are classified by level of the following measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading securities and financial assets at fair value through profit or loss) is based on quoted market prices at the reporting date. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group is using a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Valuations are performed regularly on the basis of the management best estimates of the credit risk the Group is exposed to or of the specific entity concerned in the light of existing, available and observable market data.

- For the derivatives (interest rate swaps), the valuation is provided by the Group's banks;
- For the investment in "Residential" sub-fund of Endurance Real Estate Fund the fair value is based on the net asset value provided by the Fund manager;
- For CPI PG shares the fair value is determined by EPRA NAV per share (see Note 5.2).

Accounting classification and fair values

The following tables show the carrying amounts and fair value of financial assets and liabilities, including their level in the fair value hierarchy.

	Carrying amount		Fair value		
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)	Level 1	Level 2	Level 3
30 June 2015					
Financial assets					
Investments in joint ventures	-	4,073	-	-	4,073
Equity method investments	-	4,073			
Investment in Endurance Fund	599	-	-	-	599
Financial assets at fair value through profit or loss (**)	599	-			
CPI PROPERTY GROUP shares (***)	96,118	-	-	-	96,118
Financial assets available-for-sale	96,118	-			
Radio Free Europe deferred consideration	2,817	-	-	-	2,817
Loan granted to the Uniborc joint venture	-	3,119	-	-	3,119
Other	-	2,026	-	-	-
Non-current loans and receivables	2,817	5,145			
Trade receivables	-	4,060	-	-	-
Other current financial assets	-	395	-	-	-
Cash and cash equivalent	-	3,951	-	-	-
Current financial assets	-	8,406			
Financial liabilities					
New Notes	-	59,714	-	-	59,714
Financial debt (floating rate bank debts)	-	44,265	-	-	44,265
Financial debt (fixed rate bank debts)	-	8,289	-	-	8,289
Financial debt (other borrowings)	-	78	-	-	78
Long term liabilities	-	1,225	-	-	1,225
Non-current financial liabilities	-	113,571			
Safeguard Bonds	-	4,375	-	-	4,375
Financial debt (floating rate bank debts)	-	17,856	-	-	17,856
Financial debt (fixed rate bank debts)	-	501	-	-	501
Financial debt (other borrowings)	-	9,600	-	-	9,600
Derivative instruments	445	-	-	445	-
Advanced payments	-	1,617	-	-	-
Trade payables	-	3,260	-	-	-
Other current financial liabilities	-	4,429	-	-	-
Current financial liabilities	445	41,638			

(*) It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

(**) Designated at fair value.

(***) The transfer from Level 1 to Level 3 for financial assets available for sale is explained by the change of determination of the fair value of these quoted financial instruments. The Group applied transaction price based on the observable prices on the market. For the valuation as at 30 June 2015 the Group's share is valued using EPRA NAV per share of CPI Property Group as at 31 March 2015.

31 December 2014	Carrying amount		Fair value		
	Financial assets & liabilities measured at fair value	Financial assets & liabilities not measured at fair value (*)	Level 1	Level 2	Level 3
Financial assets					
Investments in joint ventures	-	35	-	-	35
Equity method investments	-	35			
Investment in Endurance Fund	2,627	-	-	-	2,627
Financial assets at fair value through profit or loss (**)	2,627	-			
Radio Free Europe deferred consideration	2,652	-	-	-	2,652
CPI PROPERTY GROUP shares	84,343	-	84,343	-	-
Financial assets available-for-sale	86,995	-			
Loan granted to the Uniborc joint venture	-	4,162	-	-	4,162
Other	-	507	-	-	507
Non-current loans and receivables	-	4,669			
Trade and other receivables	-	2,362	-	-	2,362
Other current financial assets	-	6,092	-	-	6,092
Cash and cash equivalent	-	7,103	-	7,103	-
Current financial assets	-	15,557			
Financial liabilities					
New Notes	-	60,229	-	-	60,229
Safeguard Bonds	-	2,008	-	-	2,008
Financial debt (floating rate bank debts)	-	56,640	-	-	56,640
Financial debt (fixed rate bank debts)	-	8,540	-	-	8,540
Financial debt (other borrowings)	-	72	-	-	72
Long term liabilities	-	1,306	-	-	1,306
Non-current financial liabilities	-	128,795			
Safeguard Bonds	-	278	-	-	278
Financial debt (floating rate bank debts)	-	11,171	-	-	11,171
Financial debt (fixed rate bank debts)	-	496	-	-	496
Financial debt (other borrowings)	-	1,890	-	-	1,890
Derivative instruments	599	-	-	599	-
Advanced payments	-	1,474	-	-	1,474
Trade payables	-	4,008	-	-	4,008
Other financial current liabilities	-	4,414	-	-	4,414
Current financial liabilities	599	23,731			

(*) It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is considered as a reasonable approximate of the fair value.

(**) Designated at fair value.

3 Segment reporting

The Board of Directors is the responsible body making decisions for all acquisitions and disposals of projects. The Board assesses the performance of the operating segments based on a measure of adjusted earnings before interests, tax, depreciation and amortization ("adjusted EBITDA" as defined below).

Corporate expenses are allocated on the basis of the revenue realized by each activity.

Adjusted EBITDA is the recurring operational cash result calculated by deduction from the operating result of the non-cash and non-recurring items (Net gain or loss on fair value adjustments; Amortization, impairments and provisions; Net gain or loss on the sale of abandoned developments; Net gain or loss on disposal of assets; Termination expenses) and the net results on sale of assets or subsidiaries.

The Group structure lies on two main activities to which the Board of Directors is allocating the investment capacity on the basis of the defined strategy. On one hand, the Group is investing in land bank or assets for development and effectively developing them once the project presented is satisfactorily approved by the Board of Directors. Once the asset is developed it can be either sold to a third party or kept in the Group own portfolio for value accretion. On the other hand, the Group is actively investing in and managing its own or third parties real estate assets for operational profitability and value appreciation. These two business lines are the segments by which the operations are analysed.

These two segments or business lines can be defined as the following:

- Development business line covers all real estate assets under construction or designated as a future development in order to be sold to a third party or to be transferred to the Property Investment Business line once completed;
- Property Investment business line covers all real estate assets operated (such as logistic parks) and rented out assets or that will be sold without any major refurbishment.

The level of indebtedness of each asset, which is to finance projects and operations, is decided by the Board of Directors above certain thresholds. The funds allocation after draw down is independent from the asset pledged or leveraged. Since the segmentation by business line of the finance debt based on the pledged project is not representative of operational cash allocation, this information is not disclosed as it is not relevant.

3.1 Segment Reporting - 30 June 2015

Profit or loss 30 June 2015	Development	Property Investments	TOTAL
Revenue	1,342	5,988	7,330
<i>Sale of goods</i>	770	-	770
<i>Rent</i>	477	3,497	3,974
<i>Hotels, Extended Stay & Restaurants</i>	-	-	-
<i>Services</i>	94	2,492	2,586
Net (loss) from fair value adjustments on investment property	(11,321)	(2,655)	(13,976)
Cost of goods sold	(853)	(12)	(865)
Impairments - Allowance	(447)	(592)	(1,039)
Impairments - Write-Back	990	2,709	3,699
Amortization and provisions	280	2,054	2,334
Other operating results	(1,465)	(7,214)	(8,679)
Operating Result	(11,475)	279	(11,196)
Net loss from fair value adjustments on investment property	11,321	2,655	13,976
Impairments - Allowance	448	591	1,039
Impairments - Write-Back	(990)	(2,709)	(3,699)
Amortization and provisions	(280)	(2,054)	(2,332)
Termination expenses	-	-	-
Net result on disposal of assets	-	(73)	(73)
Adjusted EBITDA	(976)	(1,311)	(2,287)
Financial Result			(10,742)
Share of profit or (loss) of entities accounted for using the equity method	(942)	3,947	3,004
Loss before Income Tax			(18,934)
Statement of financial position & Cash Flow 30 June 2015	Development	Property Investments	TOTAL
Segment Assets	151,705	109,322	261,027
Investment Property	141,174	98,652	239,826
Property, plant and equipment	-	-	-
Inventories	8,304	-	8,304
Assets held for sale	2,145	6,679	8,824
Equity method investments	82	3,991	4,073
<i>Unallocated assets</i>			116,254
Total Assets			377,281
Segment Liabilities	38	3,975	4,013
Liabilities linked to assets held for sale	38	3,975	4,013
<i>Unallocated liabilities</i>			169,535
Total Liabilities			173,548
Cash flow elements	712	40	752
Capital expenditure	712	40	752
Direct Operating Expenses 30 June 2015	Development	Property Investments	TOTAL
Direct operating expenses arising from investment property that :			
- generated rental income	(828)	(6,163)	(6,991)
- did not generated rental income	(22)	(47)	(69)

3.2 Segment Reporting - 30 June 2014

Profit or loss 30 June 2014	Development	Property Investments	TOTAL
Revenue	8,080	8,725	16,805
<i>Sale of goods</i>	7,836	56	7,892
<i>Rent</i>	161	4,876	5,037
<i>Hotels, Extended Stay & Restaurants</i>	-	1,040	1,040
<i>Services</i>	83	2,753	2,836
Net gain or (loss) from fair value adjustments on investment property	12	(481)	(469)
Cost of goods sold	(6,435)	(17)	(6,452)
Impairments – Allowance	(1,853)	(132)	(1,985)
Impairments - Write-Back	399	481	880
Amortization and provisions	(3,242)	(5,627)	(8,869)
Other operating results	(11,296)	(12,623)	(23,919)
Operating Result	(14,335)	(9,673)	(24,008)
Net gain or (loss) from fair value adjustments on investment property	(12)	481	469
Impairments – Allowance	1,853	132	1,985
Impairments - Write-Back	(399)	(481)	(880)
Amortization and provisions	3,242	5,627	8,869
Net result on disposal of assets	5,919	6,385	12,304
	-	(9)	(9)
Adjusted EBITDA	(3,732)	2,462	(1,270)
Financial Result			(36,535)
Share of profit or (loss) of entities accounted for using the equity method	(116)	(90)	(206)
Loss before Income Tax			(60,749)
Statement of financial position & Cash Flow 31 December 2014	Development	Property Investments	TOTAL
Segment Assets	154,503	105,585	260,088
Investment Property	143,676	105,560	249,236
Property, plant and equipment	-	-	-
Inventories	9,422	-	9,422
Assets held for sale	1,395	-	1,395
Equity method investments	10	25	35
<i>Unallocated assets</i>			114,026
Total Assets			374,114
Segment Liabilities	237	-	237
Liabilities held for sale	237	-	237
<i>Unallocated liabilities</i>			167,861
Total Liabilities			168,098
Cash flow elements	28	1,269	1,297
Capital expenditure	28	1,269	1,297
Direct Operating Expenses 31 December 2014	Development	Property Investments	TOTAL
Direct operating expenses arising from investment property that:			
- generated rental income	(4)	(8,811)	(8,815)
- did not generated rental income	(168)	(47)	(215)

4 Investment property

The main assumptions used to calculate the fair value of the properties are disclosed in note 2.3 of this condensed consolidated interim financial information.

	Freehold buildings	Extended stay hotels	Land bank	TOTAL
At 1 January 2014	678,120	10,922	21,510	710,552
Changes in the Group	(570,650)	-	(7,981)	(578,631)
Investments / acquisitions	1,119	-	28	1,147
Revaluation through income statement	433	463	1,177	2,073
Transfer from inventories	-	-	64,850	64,850
Acquisition of group of assets	-	-	66,072	66,072
Transfers to/from asset held for sale	-	(11,375)	(1,387)	(12,762)
Translation differences	(3,461)	(10)	(594)	(4,065)
At 31 December 2014	105,561	-	143,675	249,236
Investments / acquisitions	40	-	712	752
Revaluation through income statement	(2,646)	-	(11,330)	(13,976)
Acquisition of group of assets	-	-	5,568	5,568
Transfers to/from asset held for sale	(5,652)	-	(65)	(5,717)
Translation differences	1,349	-	2,614	3,963
At 30 June 2015	98,652	-	141,174	239,826

❖ In 2015

7 investment properties with a net book value of EUR 167.2 million located in special purpose entities (SPV) have been pledged as a security for bank loans amounting to EUR 71 million.

a) Revaluation through the income statement

	Freehold buildings	Land bank	TOTAL
Czech Republic	974	(10,923)	(9,949)
Poland	(1,120)	-	(1,120)
Croatia	-	(407)	(407)
Hungary	(2,660)	-	(2,660)
Luxembourg	160	-	160
At 30 June 2015	(2,646)	(11,330)	(13,976)

The movements in fair value of the assets are related to the land bank and freehold buildings:

- In the Czech Republic, the fair value decreased for Bubny (EUR -13 million) and increased for Zbrojovka Brno (EUR 6 million);
- In Hungary, the decrease is mainly attributable to the freehold building Váci 188 (EUR 2 million);
- In Poland, the fair value decreased for Marki (EUR 1.1 million).

b) Acquisition of Group assets

In the first half of 2015, 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 completion was subject to certain corporate approvals on seller's side, which were granted on 10 March 2015, thus the acquisition became effective. The purchase price for transfer of shares and receivables was EUR 5.7 million.

c) Transfer to assets held for sale

One land bank Istria plot in Croatia and property Marki in Poland were transferred to assets held-for-sale in the expectation of their sale after the end of reporting period.

❖ In 2014

8 investment properties with a net book value of EUR 178.7 million located in special purpose entities have been pledged as a security for bank loans amounting to EUR 76.9 million. The number of pledged assets decreased as a result of the loss of control over CPI PG and deconsolidation of three Hungarian assets and two investment properties within the Suncani Hvar portfolio.

a) Changes in the Group

As a result of the loss of control referred to above, freehold buildings in the amount of EUR 570.7 million and land bank of EUR 4.9 million were derecognized from the consolidated balance sheet. The book value of deconsolidated freehold buildings and land plots in CPI PG amounts to EUR 533.2 million and the value of Hungarian assets at the date of derecognition was EUR 41.4 million. Furthermore, one land bank in Poland in the book value of EUR 3.1 million was deconsolidated as a result of the bankruptcy.

b) Investments / Acquisitions

In the first quarter of 2014 (when still contributing to OPG results), CPI PG has invested EUR 0.6 million into refurbishment of buildings in the mixed retail and office portfolio in Berlin. CPI PG has also acquired an asset in Berlin (Voltastraße 29, 30) for EUR 0.4 million.

c) Revaluation through the income statement

	Freehold buildings	Extended stay hotels	Land bank	TOTAL
Czech Republic	1,011	463	1,177	2,651
Poland	(1,269)	-	-	(1,269)
Hungary	2,131	-	-	2,131
Luxembourg	(1,440)	-	-	(1,440)
Total for 2014	433	463	1,177	2,073

The main movements in fair value of the assets related to the freehold buildings are:

- In the Czech Republic, the fair value decreased for Bubenská (EUR -0.5 million) and went up for Hradčanská (EUR 0.4 million) and Na Poříčí (EUR 0.9 million);
- In Poland, the market value of Diana Office went down by EUR 0.2 million. Also, the value of logistic park Marki decreased by EUR 1.1 million;
- In Hungary, the increase relates to the freehold buildings Váci 188 (EUR 1.5 million) and Váci 199 (EUR 0.6 million)
- In Luxembourg, the value of Capellen office building decreased by EUR 1.4 million.

The value of Pachtuv Palace hotel was adjusted by EUR 0.5 million to its fair value prior to the reclassification to held for sale (see below).

The improvement of the value of land bank in the Czech Republic is mainly attributable to Praga – an increase by EUR 1.1 million.

d) Acquisition of group of assets

Following its amended strategy aiming at development projects, the Group acquired four projects in the Czech Republic in November 2014 – STRM portfolio. The entities were acquired in a portfolio transaction for total consideration of EUR 44.0 million and include freehold land with potential for development of residential, office, hospitality and retail premises.

Since the Group did not decide about the form of development of the land bank yet and the final use of the plots is considered to remain uncertain, the acquired project real estate assets were classified as investment properties and recognized in the amount of EUR 45.7 million in the consolidated balance sheet.

Further transaction occurred in December 2014, when the Group purchased a brownfield located in Brno, Czech Republic, with an area of 22.5 hectares. The transaction was structured as a share deal and the transaction price for net assets of the SPV amounts to EUR 13.95 million. In accordance with the Group policy and due to the fact that decision regarding final use of the land bank plots has not been taken yet, the freehold land was classified as land bank in investment properties. The value of the real estate assets acquired in the transaction is EUR 20.3 million.

e) Transfers

Transfer from inventories

At the end of 2014, the Group changed the classification of the Bubny plot, which was transferred from Inventories into Investment property in the amount of EUR 64.85 million.

Transfer to assets held for sale

In the first half of 2014, the Group reached an agreement with former management regarding compensation for their dismissal from managerial functions. The Pachtuv Palace hotel in Prague forms part of the compensation in-kind of the former management's indemnity package. Prior to completion of the handover, the hotel was transferred to held-for-sale category.

Two land banks (Rubeška and Na Františku) were transferred to held-for-sale in the expectation of their sale after the end of reporting period.

5 Non-Current Financial assets

5.1 Financial assets at fair value through Profit or Loss

This balance sheet line includes the following financial assets:

- The fair value of the investments in the "Residential" Sub-funds of Endurance Real Estate Fund amounts to EUR 0.6 million as at 30 June 2015 (EUR 2.6 million as at 31 December 2014). The Endurance Real Estate Fund is managed by the Group (refer to Note 16). The fair value of the fund units is based on the net asset value as provided by the fund manager in its report.

The fund manager took the decision not to extend its initial maturity (the liquidation started on the 29 March 2013) and the liquidation should be finalized during 2015.

5.2 Available-for-sale financial assets

This balance sheet line represents the Group's share of CPI PROPERTY GROUP:

- In 2014, the Group lost control over CPI PG (at that time Orco Germany). As a result of the change in control and dilution of the participation interest, the shares of CPI PG are classified as financial assets available-for-sale.

In determining the fair value of these quoted financial instruments the Group used transaction price based on the observable prices on the market. For the preparation of the condensed consolidated interim financial information as at 30 June 2015 the method of the fair value determination has been modified.

The primary reason for the change in the valuation technique represents Group's management assessment of the market that is considered as not active and with low liquidity. This assessment required of different valuation technique for example use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

For the valuation as at 30 June 2015 the Group's share is valued using EPRA NAV per share of CPI PG as at 31 March 2015. The EPRA NAV published by CPI PG was 0.604 EUR per share as at 31 March 2015.

5.3 Non-current loans and receivables

The "Non-current loans and receivables" mainly include:

- The loan granted to the company Uniborc amounts to EUR 3.1 million in 2015 (EUR 4.1 million in 2014). This joint venture with Unibail, started in April 2013, is mainly financed through an equity loan provided by both partners in the same proportion as their respective shareholdings.

- Receivable amounting to EUR 2.8 million related to Radio Free Europe / Hagibor office building deferred consideration.

5.4 Equity method investments

As of June 2015, the Group is involved in the following joint ventures and associates recognized under the equity method:

- The Kosik JV (Kosic Sarl & SV Faze II s.r.o) recognized at EUR 0.1 million as of 30 June 2015;
- As at 30 June 2015 the Group holds 31.61% stake in Suncani Hvar. Due to uncertainties regarding the going concern as of 31 December 2014 the Group's share was recognized in zero value. The progress in pre-bankruptcy reorganization was achieved during the reporting period which mitigated the uncertainty. The Group's share on the equity is valued at EUR 4 million as at 30 June 2015. The gain from the revaluation is recognized in statement of comprehensive income as share of profit or loss of entities accounted for using the equity method in the amount EUR 4.0 million.

6 Inventories

	June 2015	December 2014
Opening Balance	9,422	114,720
Impairments - Allowance	(315)	(1,770)
Impairments - Write-Back	945	53
Transfer to held for sale	(1,193)	(30,195)
Transfer to investment properties	-	(64,850)
Translation differences	156	(1,116)
Net increase in inventories	154	5,287
Cost of goods sold	(865)	(9,340)
Changes in the group	-	(3,367)
Closing Balance	8,304	9,422

❖ In 2015

In the first half of 2015, the non-residential unit of the former cinema located at Mostecká, Prague 1, is intended for sale in carrying value EUR 1.2 million. The inventories related to this projects were transferred to assets held for sale as at 30 June 2015 (see Note 7).

Increase in inventories represents development costs related mainly to capitalization of expenses and development investments.

Significant part of the costs of sold units is attributable to the Prague residential project Benice 1 (EUR 0.6 million) where almost 94 % of family houses were delivered by the end of June. Over the first half of 2015, the units were sold at another Prague project V Mezihofí with a book value of EUR 0.2 million and Klonowa Aleja in Poland for EUR 0.1 million.

❖ In 2014

No project assets located in special purpose entities have been pledged as a security for bank loans.

In 2014, an impairment charge has been recognized for Bubny plot in the amount of EUR 1.5 million based on an updated annual valuation.

In March 2014, the Board of Directors decided to sell the project Zlota 44 in Warsaw as is. After meeting the IFRS definition, the inventories related to Zlota 44 project were transferred to assets held for sale as at 30 June 2014 in the amount of EUR 30.2 million. On 27 August 2014, the Group disposed of its stake in the project.

Increase in inventories represents development costs related mainly to capitalization of expenses and development investments.

Following some uncertainties regarding the future development of the Bubny area in Prague, the Group has reviewed the classification of this project. Due to the fact that the master plan has not been approved yet and there exists the uncertainty about the length of time to obtain the relevant permits and future use of the plot, the plot was transferred from inventories to investment properties as of the year end 2014 in the amount of EUR 64.9 million. The plot development has been suspended and the development plans have been deferred. The Group continues to hold the property awaiting the change of the master plan and the plot is held for capital appreciation.

Significant part of the costs of sold units is attributable to the Prague residential project V Mezihoří (EUR 3.5 million) where almost all apartments were delivered by the end of December. Family houses at costs of EUR 2.3 million were sold in Benice near Prague. Over the year 2014, last remaining units were sold at another Prague project Mostecká with a book value of EUR 1.3 million and Koliba in Bratislava (EUR 0.8 million).

The amount of Cost of goods sold does not reconcile with the amount presented in the income statement due to the fact that the cost of goods in the income statement include costs related to disposal of Zlota 44 project in the amount of EUR 50.0 million.

The line Changes in the group mainly represents deconsolidation of the CPI PG residential project Naunynstraße.

7 Assets and liabilities classified as held for sale

Assets held for sale	June 2015	December 2014
Opening Balance	1,395	29,116
Transfers to	7,974	45,957
Translation differences	(63)	(1,310)
Transfer of ownership / Asset sales	(482)	(72,368)
Closing Balance	8,824	1,395
Liabilities held for sale	June 2015	December 2014
Opening Balance	237	27,722
Accrued interest	-	(207)
Transfers to	4,013	80,470
Translation differences	(235)	235
Transfer of ownership	(2)	(107,984)
Closing Balance	4,013	237

“Transfers to” assets classified under Held for sale (AHS): both of the initial transfer of asset at fair value and the subsequent changes in fair value are disclosed and detailed in Investment Property (note 4). Subsequent changes in fair value are presented under the line “Revaluation through income statement” and then transferred in AHS using the line “Transfers to/from asset held for sale”.

❖ In 2015

During the first half of 2015, the significant portion of the changes in the assets and liabilities held for sale related to the Marki property in Poland were classified as held for sale (assets EUR 6.7 million, liabilities EUR 4.0 million).

On 6 February 2015 the Group finalized the disposal of the development project Na Františku, Ostrava – Slezská, Czech Republic. This transaction is reported in line Transfer of ownership/Asset sales (EUR 0.5 million).

❖ In 2014

During 2014, the Group sold 4 assets classified as held for sale:

- Zlota project (Poland): in March 2014, Board of Directors decided to sell Zlota project as is. After meeting criteria set by IFRS, all assets and liabilities related to this project were reclassified as held for sale. Total assets classified as held for sale amount to EUR 31.4 million and are presented on line “Transfers to”. Total liabilities classified as held

for sale amounted to EUR 74.6 million are presented on line line "Transfers to" in table "Liabilities linked to assets held for sale". The disposal of Zlota project is then presented on line "Transfer of ownership / Assets sale".

- Hlubočky (Czech Republic) and Dunaj (Slovakia) projects, classified as held for sale in 2013, were sold in June 2014 as part of a portfolio debt restructuring transaction with Crédit Agricole Corporate and Investment Bank, which concerned three assets that used to be cross collateralized: two in the Czech Republic (Bubenska, Hlubočky) and one in Slovakia (Dunaj department stores). As a result of this transaction, the Group transferred the ownership of Hlubočky and Dunaj, together with related debt to a fully owned subsidiary of Crédit Agricole CIB. In return, the Group retained the ownership of Bubenska 1 with leverage decreased to EUR 9.0 million with extended debt maturity to June 2017. This transaction does not have any major impact to financial result of the Group, as fair value of transferred assets was adjusted as at 31 December 2013 according to the value agreed for the purposes of expected transaction. Impact to assets classified as held for sale is reported in this note on line "Transfer of ownership" – total assets amounting to EUR 24.7 million, total liabilities amounting to EUR 17.3 million.
- Pachtův Palác: In addition, the Group reached an agreement with the former management regarding compensation for their dismissal from the managerial functions. In line with that, Pachtuv Palace hotel in Prague – part of this compensation - was transferred to assets held for sale and reported on line "Transfers to" (assets amounting to EUR 12.2 million, liabilities EUR 5.6 million). After completion of the transfer administration procedure, Pachtův Palác was deconsolidated and is reported on line "Transfer of ownership / asset sales" – assets amounting to EUR 12.0 million, liabilities EUR 6.2 million.

The Group received an offer to sell the receivable for deferred consideration on the sale of Molcom. After repayment of EUR 0.6 million and impairment of EUR 35.2 million (no accrual of interests in 2014 or 2013), the fair value of the receivable was EUR 1.0 million in 2014 (EUR 0.9 million in 2013). The receivable was reclassified from financial assets to assets held for sale as at 30 June 2014 in value of EUR 1.0 million. The receivable and the related security rights were sold on 2 July 2014 for the amount of EUR 1.0 million.

After the rejection by the financing bank of the Group's offer to purchase the loan provided by the bank towards Szczecin Project sp. z o.o., the entity has been removed from the consolidation scope. According to this, all assets and liabilities related to the project Szczecin were deconsolidated and are presented on lines "Transfer of ownership" – assets in the amount of EUR 4.4 million, liabilities in the amount of EUR 10.4 million as at 31 December 2014.

In October 2014, the Board of Directors agreed to dispose of two non-strategic projects in the Czech Republic, namely Rubeška, located in Prague 9 and Na Františku, located in Ostrava - Slezka. All assets and liabilities related to these two projects were classified as held for sale. Total assets amount to EUR 1.4 million and total liabilities amount to EUR 0.2 million as at the end of December 2014.

8 Cash and cash equivalents

As at 30 June 2015, cash and cash equivalents consist of cash in bank for EUR 3.9 million (EUR 7.1 million in December 2014) and cash in hand for EUR 17 thousand (EUR 9 thousand in December 2014). There were short-term deposits for EUR 28 thousand in December 2014, but none reported in June 2015.

The cash in bank includes restricted cash for EUR 1.8 million in 2015 (EUR 2.5 million as of December 2014) representing:

- Cash deposited in accounts reserved as collateral for development projects and lifted after sales of units for EUR 0.1 million (EUR 0.1 million as of 31 December 2014);
- Cash deposited in accounts reserved as collateral for loans related to property for EUR 1.7 million (EUR 2.4 million as of 31 December 2014).

9 Non-controlling interest transactions

❖ In 2015

The only non-controlling interest recognized as of June 2015 is related to the Czech entity holding land bank project Doupovska.

Deconsolidation and disposal of CPI PG shares

On 3 March 2014, CPI PG resolved to raise EUR 36.0 million in a reserved capital increase in favor of Stationway Properties Limited ("Stationway"), an entity affiliated with Jean-François Ott. Stationway subscribed 76,600,000 new shares which were issued on 5 March 2014. The total number of shares comprising the share capital of CPI PG as well as the number of voting rights was 421,256,445 shares as of 5 March 2014. This capital increase results from the 29 November 2013 decision of the CPI PG's Board of Directors to raise up to EUR 100 million pursuant to the authorization granted by shareholders during the extraordinary meeting of 26 April 2012.

As a result of the capital increase by Stationway without participation of OPG, the Group's shareholding interest was diluted to 47.85% represented by 201,571,194 shares and the equity attributable to the owners of the Company decreased by EUR 10.3 million. Consequently, the amount of non-controlling interests increased by EUR 46.3 million.

On 18 March 2014, CPI PG's Board of Directors decided to implement changes in the management structure and to terminate the executive contracts of Jean-François Ott, Nicolas Tommasini and Brad Taylor, Group representatives in the management of CPI PG. The Group and the former management agreed on 27 March 2014 on a settlement and mutual general release agreement by which the Group settled all the existing and potential future obligations and claims arising from the termination.

As a consequence of the dilution of participation and the removal of the Group's representatives from the management of CPI PG, the Company lost control over CPI PG and its subsidiaries. As at the date of loss of control, assets, liabilities and non-controlling interest attributable to the CPI PG were derecognized from the consolidated statement of financial position and the remaining shares were recognized at their fair value in the category financial asset available-for-sale. The fair value of the retained interest was determined based on the market price at closing as at the date of losing control (EUR 0.53 per share) multiplied by the total number of CPI PG shares held by OPG. In the opinion of the Group management, the market price represented the best indicator of the fair value. The deconsolidation and recognition of financial assets available for sale measured at fair value, as described above, resulted in a loss of EUR 34.8 million recorded in 2014 income statement. The non-controlling interests in the former subsidiaries have been derecognized in the carrying amount of EUR 152.8 million. The change in non-controlling interests is presented as an impact of deconsolidation of subsidiaries in the statement of changes in equity.

In order to meet the liquidity requirements, in particular to finance the acquisition of PEKAO receivable related to Zlota project, the Company entered on 28 April 2014 into an agreement to dispose of 108,395,743 shares it held in CPI PG for a total purchase price of EUR 55.0 million. The completion of the disposal of the shares was subject to certain conditions, including the approval of the Paris Commercial Court. The court approved the disposal of the shares on 2 June 2014. Following this disposal the shareholding of the Group in CPI PG decreased from 201,571,194 shares to 93,175,451 shares equal to 20.53% of the voting rights at the time of disposal.

The disposal of the CPI PG shares under distressed conditions but at market price gave rise to an accounting loss of EUR 2.9 million.

Disposal of Suncani Hvar shares

On 11 June 2014, Company entered into a transaction concerning partial disposal of its stake held in Suncani Hvar d.d. (SHH). OPG disposed of 2,080,000 shares corresponding to 24.94% of the voting rights. After the disposal, the Company holds 2,636,734 SHH shares equal to 31.61% of the voting rights. Together with the shares, the Company transferred to the buyer shareholder receivables from SHH. The shares and receivables were sold at an aggregate purchase price of EUR 2.1 million.

After having recognized impairments in 2013 in relation to SHH as a result of the uncertainty regarding the going concern of the activities, the disposal of SHH shares and receivables resulted in an accounting gain of EUR 0.5 million.

Since the shareholding interest in SHH was reduced below 50% and, consequently, the Company lost control over SHH activities, related assets and liabilities were deconsolidated from the Group statement of financial position, including the non-controlling interest share in negative net assets of EUR 6.1 million.

Nevertheless, the Group continues to have a significant influence and as at 31 December 2014, the retained investment in SHH is classified as an investment in associate and accounted for under the equity method.

Increase of ownership interest in Praga and Benice

In September 2014, the Group signed an agreement regarding purchase of the 25% non-controlling interest in two SPVs holding projects in Benice and Praga (Jihovychodni Mesto, a.s and Orco Praga, s.r.o. respectively). The acquisition resulted in an increase of equity attributable to the owners of the Company by EUR 1.9 million. Non-controlling interests in the amount of EUR 1.3 million has been derecognized.

Other changes in non-controlling interest

As a result of other transactions described in the note 1.1 of the Consolidated financial statements as at 31 December 2014, non-controlling interests share in negative net asset value related to the following projects or group of assets has been derecognized from the consolidated statement of financial position:

- Hospitality portfolio in the amount of EUR 10.6 million;
- Zlota 44 in the amount of EUR 5.6 million;
- Szczecin in the amount of EUR 1.2 million.

10 Financial debts

10.1 Bonds

Non-current bonds	Non-convertible bonds and New Notes
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Balance at 1 January 2014	64,992
Interest on Safeguard Bonds	439
Interest on New Notes	11,104
Transfer from long term to short term on Safeguard Bonds	(278)
Transfer from long term to short term on New Notes	-
Transfer of accrued interest on New Notes	(4,097)
Repayment on New Notes	(13,156)
Changes in the Group	(43)
Loss on restatement of New Notes	3,276
Balance at 31 December 2014	62,237
Interest on Safeguard Bonds	232
Interest on New Notes	3,636
Transfer from long term to short term on Safeguard Bonds	(2,239)
Transfer from long term to short term on New Notes	-
Transfer of accrued interest on New Notes	(2,157)
Repayment on New Notes	(2,226)
Loss on restatement of New Notes	231
Balance at 30 June 2015	59,714

Current bonds	Non-convertible bonds and New Notes
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Balance at 1 January 2014	321
Repayment interests on Safeguard Bonds	(321)
Transfer from long term to short term on Safeguard Bonds	278
Balance at 31 December 2014	278
Repayment interests on Safeguard Bonds	(278)
Transfer from long term to short term on Safeguard Bonds	2,239
Adjustment made on Safeguard bonds	2,136
Balance at 30 June 2015	4,375

❖ In 2015

On 19 June 2015, the Management of the Company filed a request to modify its Safeguard Plan pronounced on 25 March 2009 with the Paris Commercial Court to an early termination of its Safeguard Plan. The Paris Commercial Court decided on 19 August 2015 to amend the Safeguard Plan. Following the court's decision, within fifteen days as of the pronouncement of the judgement, the Company is obliged to pay to the Safeguard Plan administrator liabilities that are subject to and due under

the Safeguard Plan (including Safeguard Bonds debt). The Safeguard Plan administrator shall proceed with the distribution of the funds received from the Company, after the court's decision becomes final.

As of 30 June 2015, Safeguard Bonds book value was amounting to EUR 2.2 million and was entirely transferred from long term to short term. The Company adjusted Bonds book value by EUR 2.1 million to reflect the nominal value admitted by Court to be paid to Bondholders.

As of 30 June 2015, non-current balance is composed of actuarial value of New Notes.

❖ In 2014

A general meeting of the holders of the New Notes (registered under ISIN code XS0820547742) was held on 9 October 2014 in Luxembourg. At the meeting the holders of the New Notes approved certain amendments to the terms and conditions of the New Notes, which have become effective after its acceptance by the Company on 7 November 2014.

The amendments include, inter alia, the decrease of the interest rate applicable to the New Notes to 7% per annum, the extension of the maturity to five years, the implementation of the guarantee by CPI PG for 3% per annum fee, and the change of the law governing the New Notes from Luxembourg law to English law. The repayment terms were changed to one-off bullet payment at the maturity date as opposed to the previously applicable amortization payments (25% of the principal amount of the New Notes due on 28 February 2015, 2016 and 2017 with the remaining outstanding principal amount due on the maturity date of 28 February 2018).

As a result of the amendment and the fact of the substantial change of the quantitative and qualitative characteristics of the Note liability, the liabilities from the New Notes under original conditions were derecognised and liabilities from New Notes under amended conditions were recognised which resulted in an accounting loss of EUR 3.3 million.

In August 2014, the Company repaid EUR 0.4 million as part of the cash sweep following the partial disposal of logistic park Střibro. In addition, on 14 November 2014 the Company proceeded with "Mandatory Prepayment on Zlota Disposal" under the terms and conditions of the New Notes in the amount of EUR 12.8 million.

The transfer from long term to short term corresponds to the interest on Safeguard Bonds to be paid in April 2015 in accordance with the repayment schedule of the Safeguard plan.

10.2 Bank loans and other borrowings

Non-current loans and borrowings	Bank loan	Other non-current borrowings	Total
Balance at 1 January 2014	295,130	174	295,304
Issue of new loans and drawdowns	2,908	341	3,249
Acquisition of group assets	6,235	-	6,235
Repayments of loans	-	(36)	(36)
Changes in the Group	(250,243)	(94)	(250,337)
Transfers to Liabilities held for sale	(4,821)	-	(4,821)
Other transfers	16,538	(283)	16,255
Translation differences	(569)	(28)	(597)
Balance at 31 December 2014	65,178	74	65,252
Issue of new loans and drawdowns	-	-	-
Repayments of loans	-	-	-
Other transfers	(13,348)	4	(13,344)
Translation differences	724	-	724
Balance at 30 June 2015	52,554	78	52,632

❖ In 2015

During the first six months of 2015, the other transfers relate to transfers from long-term to short-term part of bank loans financing projects Hradčanská (EUR 9.8 million), Bubenská (EUR 1.9 milion), Capellen (EUR 0.5 million) and Na Poříčí (EUR 0.5 million).

❖ In 2014

Issue of new bank loans fully corresponds to Solar project in Germany before its deconsolidation.

Acquisitions amounting to EUR 6.2 million is long term part of bank loan related to development project in Brno, acquired by the Group in December 2014.

As a result of loss of control the Group excluded from the consolidation following subsidiary with impact shown on the row Changes in the Group:

- CPI PG with bank loans amounting to EUR 250.4 million including the loan related to the Solar project.

The transfers to Liabilities linked to assets held for sale are wholly related to Pachtuv Palac which is part of the settlement in kind agreed with the former management, refer to comment for Current loans and borrowings below.

The Other transfers are mainly explained as following:

- Transfer from short-term part to long-term related to the bank loans financing Capellen (EUR +15.1 million), Diana (EUR +2.0 million) and Bubenska (EUR +6.0 million) after successful renegotiation process with the bank;
- Current part of the non-current bank loans (EUR -6.4 million).

Other non-current borrowings are mainly loans from related parties.

Current loans and borrowings	Long-term Debt - current part	Other current borrowings	Bank loans and Other borrowings linked to Liabilities held for sale	Total
Balance at 1 January 2014	273,008	33	22,924	295,965
Issue of new loans and drawdowns	306	3,464	-	3,770
Acquisition of group assets	328	-	-	328
Repayments of loans	(40,494)	(2,666)	(51,569)	(94,729)
Repayments of loans upon sales	-	-	(16,176)	(16,176)
Changes in the Group	(128,492)	(22,921)	(12,041)	(163,454)
Transfers to Liabilities held for sale	(52,041)	-	56,862	4,821
Other transfers	(39,965)	23,710	-	(16,255)
Translation differences	(982)	269	-	(713)
Balance at 31 December 2014	11,668	1,889	-	13,557
Issue of new loans and drawdowns	-	7,624	-	7,624
Repayments of loans	(3,914)	-	-	(3,914)
Transfers to Liabilities held for sale	(2,975)	-	-	(2,975)
Other transfers	13,348	86	-	13,434
Translation differences	231	-	-	231
Balance at 30 June 2015	18,358	9,599	-	27,957

❖ In 2015

Additional increase of short-term loan provided by CPI PG to the Group is reported in Other current borrowings in amount of EUR 7.6 million. Total outstanding balance of this short-term loan is EUR 9.6 million, compared to EUR 1.9 million as of December 2014.

Repayments of bank loans of EUR 3.9 million relate mainly to Bubenská (EUR 1.8 million), Na Poříčí (EUR 0.5 million), Capellen (EUR 0.5 million), Hradčanská (EUR 0.4 million) and Zbrojovka Brno (EUR 0.3 million).

Transfers to Liabilities held for sale relate to project Marki, which was reclassified as held for sale during the first half of 2015.

Other transfers in amount of EUR 13.3 million are explained as transfers from long-term part of bank loans to short-term part and relate to Hradčanská (EUR 9.8 million), Bubenská (EUR 1.9 million), Capellen (EUR 0.5 million) and Na Poříčí (EUR 0.5 million).

❖ In 2014

Issue of new loans and drawdowns related to Other current borrowings is mainly composed of short-term loan provided by CPI PG to the Group.

The repayments of bank loans are mainly related to Suncani Hvar (EUR 11.5 million), Bubenska (EUR 9.7 million), Zlota 44 (EUR 8.2 million), Capellen (EUR 2.8 million) and Na Porici (EUR 3.8 million). The repayments of bank loans upon sales are related to successful debt restructuring of Bubenska, Hlubocky and Dunaj assets. As a result of the transaction, the Group has transferred the ownership of share interests in entities Hlubocky and Dunaj to the bank.

As a result of loss of control the Group excluded from the consolidation following subsidiaries and related projects with impact shown on row Changes in the Group:

- CPI PG with bank loans amounting to EUR 33.9 million;
- Hungarian assets with bank loans amounting to EUR 64.4 million;
- Suncani Hvar with bank loans amounting to EUR 21.1 million and other borrowings amounting to EUR 22.9 million.
- Project Krakow with loans amounting to EUR 4.4 million;
- Loans related to hospitality portfolio in the amount of EUR 4.9 million;
- Project Szczecin with loans amounting to EUR 6.5 million and Pachtův Palác with bank loan amounting to EUR 5.5 million, which were classified as held for sale.

The transfers to Liabilities held for sale are related to Pachtuv Palace which is part of the settlement in kind agreed with the former management (EUR 5.5 million) and to Zlota 44 project (EUR 51.5 million). In April 2014 the Group decided to acquire the loan receivables and collateral related to the Zlota 44 project from Pekao bank. The agreed price was partly repaid from cash blocked in the SPV related to Zlota 44 project and the remaining part of EUR 51.4 million has been deposited on escrow account till the transfer of pledges from Pekao bank to the Group in July 2014.

During 2014, the other transfers of bank loans and other current borrowings are mainly explained as following:

- Transfer from short-term part of bank loans to long-term related to the loans financing Capellen (EUR -15.6 million), Diana (EUR -2.0 million) and Bubenska (EUR -6.0 million) after successful renegotiation process with bank;
- Transfer from short-term part of bank loans to Other current borrowings related to Suncani Hvar (EUR -22.6 million);
- Current part of the non-current loans (EUR +6.4 million).

Other current borrowings are loans from related parties.

10.3 Maturity of borrowings

❖ In 2015

At 30 June 2015	Less than one year	1 to 3 years	3 to 5 years	More than 5 years	Total
Bonds	-	-	59,714	-	59,714
Financial debts	-	34,042	5,293	13,297	52,632
Bank loans	-	33,964	5,293	13,297	52,554
<i>Bank loans fixed rate</i>	-	1,103	1,226	5,960	8,289
<i>Bank loans floating rate</i>	-	32,861	4,067	7,337	44,265
Other non-current borrowings	-	78	-	-	78
Sub-total - Non current	-	34,042	65,007	13,297	112,346
Current bonds	4,375	-	-	-	4,375
Financial debts	27,957	-	-	-	27,957
Bank loans - current part	18,357	-	-	-	18,357
<i>Bank loans fixed rate</i>	501	-	-	-	501
<i>Bank loans floating rate</i>	17,856	-	-	-	17,856
Other current borrowings	9,600	-	-	-	9,600
Borrowings linked to liabilities held for sale	2,975	-	-	-	2,975
<i>Bank loans</i>	2,975	-	-	-	2,975
<i>Other borrowings</i>	0	-	-	-	0
Sub-total - Current	35,307	-	-	-	35,307
Total	35,307	34,042	65,007	13,297	147,653

The interest on bank loans and Bonds decreased from EUR 13.6 million as at 30 June 2014 to EUR 5.7 million as at 30 June 2015 mainly due to deconsolidation of some entities and refinancing of several bank loans.

The bank loans are made of EUR 44.6 million for which the financing banks have no recourse on the Group. These loans finance assets with a total value of EUR 85.5 million.

❖ In 2014

At 31 December 2014	Less than one year	1 to 3 years	3 to 5 years	More than 5 years	Total
Non-current Bonds	-	-	62,237	-	62,237
Financial debts	-	45,483	5,285	14,484	65,252
Bank loans	-	45,428	5,285	14,467	65,180
<i>Bank loans fixed rate</i>	-	1,073	1,195	6,272	8,540
<i>Bank loans floating rate</i>	-	44,355	4,090	8,195	56,640
Other non-current borrowings	-	55	-	17	72
Sub-total - Non current	-	45,483	67,522	14,484	127,489
Current bonds	278	-	-	-	278
Financial debts	13,557	-	-	-	13,557
Bank loans - current part	11,667	-	-	-	11,667
<i>Bank loans fixed rate</i>	496	-	-	-	496
<i>Bank loans floating rate</i>	11,171	-	-	-	11,171
Other current borrowings	1890	-	-	-	1890
Sub-total - Current	13,835	-	-	-	13,835
Total	13,835	45,483	67,522	14,484	141,324

Following the amendment of terms and conditions for New notes (see note 19.1.2 of the Consolidated financial statements as at 31 December 2014), the date of repayments has been postponed to 7 November 2019. Total amount of bank loans reduced significantly due to the deconsolidation of certain assets with bank financing, mostly the CPI PG portfolio.

The Group has entered into interest rate derivatives representing 49.8% of the non-current floating rate borrowings (95.4% in 2013) and 37.6% of the current floating rate borrowings (16.0% in 2013), in order to limit the risk of the effects of fluctuations of market interest rates on its financial position and future cash flows. Most floating interest debt instruments have a fixing period of maximum 3 months.

The bank loans include EUR 46.7 million for which the financing banks have no recourse on the Group. These loans finance assets with a total secured value of EUR 79.6 million.

11 Loans with covenant breaches

As of 30 June 2015, EUR 2.9 million of bank loan related project classified as assets held for sale is in breach of the financial covenant. Due to classification as asset held for sale there is no effect on financial statements as at 30 June 2015.

As of 31 December 2014, there were no bank loans in breach.

12 Other net financial results

	30 June 2015	30 June 2014	Variance
Change in carrying value of liabilities at amortized cost	-	-	-
Change in fair value and realized result on derivative instruments	158	(117)	275
Change in fair value and realized result on other financial assets	(2,121)	(20,224)	18,103
Other net financial results	(156)	(592)	436
Realized result on repayment of borrowings	(4,188)	-	(4,188)
Result on disposal of subsidiaries	(797)	-	(797)
Total	(7,104)	(20,933)	13,829

Change in fair value of derivative instruments is mainly from the fair value gain on derivatives of EUR 0.2 million for Na Pořiči.

Change in fair value and realized result on other financial assets relates to:

- impairment of RFE receivable of (EUR 0.6 million);
- a dividend received from Endurance residential Sub Fund in the amount of EUR 0.5 million;
- revaluation of (EUR 2.0 million) realized on investment in Endurance Fund.

Realized result on repayment of borrowings of (EUR 4.2 million) relates chiefly to adjustment on early payment of safeguard liabilities e.g. bonds of EUR 2.1 million and Stein guarantee of EUR 1.8 million.

13 Earnings per share

	30 June 2015	30 June 2014
At the beginning of the period	314,507,629	114,625,629
Shares issued	314,507,629	114,507,629
Treasury shares	-	118,000
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	314,507,629	114,625,629
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	314,507,629	114,625,629
Net loss attributable to the Equity holders of the Company	(17,090)	(63,020)
Net loss attributable to the Equity holders of the Company after assumed conversions / exercises	(17,090)	(63,020)
Total Basic earnings in EUR per share	(0.05)	(0.55)
o/w continuing operations	(0.05)	(0.53)
o/w discontinued operations	-	(0.02)
Diluted earnings in EUR per share	(0.05)	(0.55)
o/w continuing operations	(0.05)	(0.53)
o/w discontinued operations	-	(0.02)

Basic earnings per share is calculated by dividing the loss attributable to the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The warrants were not taken into account in the EPS calculation as the conversion of the warrants had an anti-dilutive impact in 2015 and 2014.

14 Equity holders

14.1 Share capital

	Number of shares	Share Capital	Share premium
Balance at 1 January	114,507,629	229,015	647,164
Reduction of nominal value of shares - 8 April 2014	-	(114,507)	
Reduction of nominal value of shares - 28 May 2014	-	(103,057)	
Capital increase of 10th of November 2014	200,000,000	20,000	39,200
Balance at 31 December 2014	314,507,629	31,451	686,364
Balance at 30 June 2015	314,507,629	31,451	686,364

The subscribed and fully paid-up capital of the Company of EUR 31,450,762.90 is represented by 314,507,629 ordinary shares, without nominal value. The shares of the Company have an accounting par value of EUR 0.10 per share and are fully paid. Each share is entitled to a prorate portion of the profits and share capital of the Company, as well as to a voting right and representation at the time of a general meeting, all in accordance with statutory and legal provisions.

No change in the share capital of the Company occurred in 2015 until the date of this financial information.

During 2014, the share capital of the Company decreased twice. The extraordinary general meeting of 8 April 2014 resolved to approve the decrease of the share capital of the Company from the amount of EUR 229,015,258 to EUR 114,507,629 without cancellation of shares, by decreasing the accounting par value of the existing shares from EUR 2 to EUR 1 per share, with allocation of the reduction proceeds to reserves. As such, the share capital of the Company amounted to EUR 114,507,629 as of 8 April 2014. The extraordinary general meeting of 28 May 2014 resolved to approve the decrease of the share capital of the Company from the amount of EUR 114,507,629 to EUR 11,450,762.90 without cancellation of shares, by decreasing the accounting par value of the existing shares from EUR 1 to EUR 0.1 per share, with allocation of the reduction proceeds to reserves. As such, the share capital of the Company amounted to EUR 11,450,762.90 as of 28 May 2014.

On 10 November 2014 the Board of Directors of the Company resolved to implement a reserved capital increase and raise EUR 59.2 million pursuant to the authorization granted to it by its shareholders during the extraordinary general meeting of 28 May 2014. On 10 November 2014 the Company issued 200 million new ordinary shares having a par value of EUR 0.10 each, at a subscription price of EUR 0.296 per new share, for a global cash contribution of EUR 59.2 million, which were subscribed as follows: (i) 100,000,000 new shares were subscribed for a total subscription price of EUR 29,600,000 by ASPLEY VENTURES LIMITED, British Virgin Islands, an entity closely associated with Mr. Pavel Spanko, and (ii) 100,000,000 new shares were subscribed for a total subscription price of EUR 29,600,000 by FETUMAR DEVELOPMENT LIMITED, Cyprus, an entity closely associated with Mr. Jan Gerner. The new shares are not listed upon their issue, but the Company will seek to list them on the regulated markets of NYSE Euronext Paris and the Warsaw Stock Exchange as soon as reasonably practicable, subject to legal and regulatory requirements.

The corporate share capital of the Company has been increased from EUR 11,450,762.90 represented by 114,507,629 shares to EUR 31,450,762.90 represented by 314,507,629 shares. The total number of shares comprising the share capital of the Company as well as the total number of voting rights attached thereto is 314,507,629 as of 10 November 2014. *Authorized capital not issued*

The extraordinary general meeting of 17 February 2015 approved resolutions to modify, renew and replace the existing authorized share capital and to set it to an amount of one hundred million euros (EUR 100,000,000.00) for a period of five (5) years from 17 February 2015, which has authorized the issuance of up to one billion (1,000,000,000) new ordinary shares in addition to the 314,507,629 shares outstanding as of 17 February 2015.

The Company's Board of Directors was granted an authorization to increase the Company's share capital in accordance with article 32-3 (5) of the 1915 Luxembourg company law. The Board of Directors was granted full power to proceed with the capital increases within the authorized capital under the terms and conditions it will set, with the option of eliminating or limiting the shareholders' preferential subscription rights as to the issuance of new shares within the authorized capital.

The Board of Directors was authorized, during a period of five (5) years from the date of the extraordinary general meeting of shareholders held on 17 February 2015, without prejudice to any renewals, to increase the issued capital on one or more occasions within the limits of the authorized capital. The Board of Directors was authorized to determine the conditions of any capital increase including through contributions in cash or in kind, among others, the conversion of debt into equity, by offsetting receivables, by the incorporation of reserves, issue premiums or retained earnings, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible into or repayable by or exchangeable for shares (whether provided in the terms at issue or subsequently provided), or following the issue of bonds with warrants or other rights to subscribe for shares attached, or through the issue of stand-alone warrants or any other instrument carrying an entitlement to, or the right to subscribe for, shares.

Securities giving access to equity (warrants)

Within the authorized capital, the Board of Directors decided to issue Bonds with Warrants ("OBSAR") without preferential subscription rights:

- "2012 Warrants" issued under the ISIN code LU0234878881 with the following major terms: number of outstanding 2012 Warrants: 21,161; exercise ratio: one warrant gives the right to subscribe to 1.03 share; exercise period: 31 December 2019; exercise price: EUR 7.21; listing: Euronext Paris.
- "2014 Warrants" issued under the ISIN code XS0290764728 with the following major terms: number of outstanding 2014 Warrants: 2,871,021; exercise ratio: one warrant gives the right to subscribe to 1.73 share; exercise period: 31 December 2019; exercise price: EUR 11.20; listing: Euronext Brussels and Paris.

Under the Securities Note and Summary dated 22 March 2007, with respect to the issue of the 2014 Warrants, the occurrence of a Change of Control (as described in Condition 4.1.8.1.2.1 of the Securities Note and Summary dated 22 March 2007) could result in an aggregate potential liability for the Company due to "Change of Control Compensation Amount". According to the Securities Note and Summary each 2014 Warrant would need to be repurchased by the Company at a price of EUR 6.29/ 2014 Warrant in the event of a Change of Control as at 31 December 2014. This "Change of Control Compensation Amount" per 2014 Warrant decreases as time goes by. Change of Control is defined as "the acquisition or control of more than 50 per cent of the voting rights of that entity or (b) the right to appoint and/or remove all or the majority of the members of the

Board of Directors or other governing body of that entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.” The Group holds 1,327,088 2014 Warrants.

The Change of Control Compensation Amount with respect to 2014 Warrants filed with their respective holders has been admitted in the Company’s Safeguard plan only in the amount of EUR 707,826.24. Accordingly, in the event that the Change of Control would occur, the Company will only pay those Change of Control claims linked with the Warrants 2014 that were admitted to the Company’s Safeguard.

14.2 Dividends per share

The Board of Directors has decided not to propose any dividend payment at the annual general meeting of the Company for the year 2014.

15 Capital and other commitments

Capital commitments

As a developer of buildings and residential properties, the Group is committed to finalize the construction of properties in different countries. As at the end of June 2015 the Group has started to carry out one project and as such is committed to construction costs amounting to EUR 1.3 million. However, the Group holds interest in the Kosik joint venture with two active projects started in 2014 and 2015. The total commitments of these projects amount to EUR 14.3 million.

Bank loans covenants (see Note 11)

16 Related party transactions

Transactions with key management personnel

a) Remuneration of key management personnel

The members of the Board of Directors of the Company and of the management of the Company are considered the key management personnel of the Group. As of 30 June 2015, the top management was made of two people as six members have been terminated or resigned during the year 2014.

Total compensation given as short term employee benefits to the top managers for the first half of 2015 was EUR 0.1 million (EUR 0.4 million for the first half of 2014).

The Board and Committees attendance compensation for the first half of 2015 was EUR 36,000 (EUR 36,000 for the first half of 2014). The annual general meeting held on 28 May 2014 resolved to approve, with the effect as of 1 January 2014, the payment of attendance fees to all independent, non-executive Directors of the Company in the amount of EUR 3,000 per calendar month as a base fee and empowered the Board of Directors to decide at its sole discretion about the payment of additional fees up to EUR 3,000 per calendar month to independent, non-executive Directors of the Company.

b) Termination and change of control clauses

As at 30 June 2015, there are no potential termination indemnity payments in place payable to the members of the Company’s management in the event of termination of their contracts in excess of the compensation as required by the respective labor codes. As at 30 June 2014, indemnities to some members of the management agreed in their respective contracts amounted to EUR 465,000.

c) Loans and advances to key management personnel

On 16 February 2007, the Company granted a loan of EUR 61,732 to Steven Davis, a former executive of the Company with maturity date on 1 March 2008. In 2009, the loan was fully impaired as a result of a dispute on the termination of the employment contract of Steven Davis. As of the date hereof, litigation is pending in front of Luxembourg court. Bubny Development sued Mr. Davis for damages in the amount of CZK 30,981,461. These litigations are pending as at 30 June 2015.

d) Other transactions with key management personnel

To ensure the liquidity for satisfaction of its future liabilities, the Company and Mr. Radovan Vitek entered on into a put option agreement 25 September 2014 concerning the disposal of the shares held by the Company in CPI PG. Pursuant to the terms of the put option agreement the Company has right to request Mr. Vitek, major shareholder of CPI PG, to purchase the CPI PG shares, or their portion, upon a written request of the Company. The put option price payable by Mr. Vitek to the Company

is EUR 0.47 per share plus 6% p.a. interest from today until the exercise of the put option. The Company is not limited by the put option agreement to dispose of the CPI PG shares to a third party and/or on a market. The put option agreement is valid for 2 years.

In 2014, the Company transferred 1 share to Jiri Dederá and Tomas Salajka each for free and while they hold the Board function. Further to the resignation of Mr. Salajka on 10 November 2014, 1 share was automatically transferred back to the Company.

Transactions with the Endurance Real Estate Fund

The Group is the sponsor of a Luxembourg regulated closed end umbrella investment fund dedicated to qualified investors, the Endurance Real Estate Fund. This fund has opted for the form of a "Fonds Commun de Placement". The Company is the shareholder of the management company of the Fund and had an ownership interest of 14.8% in the Residential Sub-fund as at 30 June 2015.

Orco's remuneration from Residential Sub-fund amounting to EUR 0.3 million in 2015 (EUR 0.7 million in 2014) is linked to:

- the liquidation fee for the Residential Sub-fund;
- the disposal fee calculated as 0.5% of the value of the assets sold.

As at 30 June 2015, open invoices for unpaid management fees owed by Endurance Fund to the management company are amounting EUR 0.15 million (nil in 2014). The total of invoices issued in 2014 by the management company to the sub-funds of the Endurance Fund, mainly composed of management fees and disposal fees, is amounting to EUR 0.3 million (2014: EUR 0.6 million). The net outstanding amount of receivables is EUR 0.4 million as at 30 June 2015 (EUR 0.1 million as at 31 December 2014).

During the midyear 2015, Residential Sub-fund distributed dividends to the Company in the amount of EUR 0.5 million (in 2014 the Company's income from Residential Sub-fund's dividends was EUR 1.6 million).

Transactions with CPI PG group

Management Fees

CPI PG companies, affiliated with Mr. Radovan Vitek, have provided property management services to certain assets of the Company in the Czech Republic. The value of such services amounted to EUR 6 thousand in the first half of 2015 (2014: EUR 0.1 million).

CPI PG companies are providing outsourcing services in the field of general administration, tax, accounting, reporting, human resources and IT to certain assets of the Company in the Czech Republic. The value of such services amounted to EUR 0.6 million in the first half of 2015 (2014: EUR 0.4 million).

In prior years, the Group has provided services to hospitality entities of which outstanding amount is EUR 0.9 million as at 31 December 2014. These services relate to IT, human resources and restructuring. The Group created allowance for these receivables in the amount of EUR 0.7 million.

Sale of SHH loan

On 11 June 2014 the Company entered into a transaction concerning the partial disposal of its stakes in Suncani Hvar, whereby OPG disposed of 2,080,000 Suncani Hvar shares corresponding to 24.94% of the shares and voting rights and also of its shareholder receivables from SHH. Shares have been sold for EUR 1 and receivables have been sold for EUR 2.1 million. The opportunity to dispose of the Suncani Hvar stakes was mediated by CPI PG. However, CPI PG made no profit or other benefit out such mediation.

Loan by CPI PG

On 17 June 2014 the Company as borrower and CPI PG as lender entered into the credit facility agreement with the following parameters: EUR 3.5 Million facility framework, repayment in 3 months and interest of 8% p.a. The parties agreed to extend the maturity until 31 December 2015, the facility limit was extended to EUR 10.0 million, and the interest decreased to 5% p.a. As at 30 June 2015 the outstanding balance amounts to EUR 9.6 million.

Capital increase

On 24 September 2014 the Company entered into an agreement for the subscription of 65,957,446 new ordinary shares issued by CPI PG at the subscription price of EUR 0.47 per share, which is approximately 12% below the current market price of EUR 0.53. The Company paid an aggregate subscription price of EUR 30,999,999.62 and the New Shares were issued by CPI PG on 24 September 2014.

New Notes guarantee

On 7 November 2014, the Company and CPI PG entered into a trust deed (the "Trust Deed") pursuant to which CPI PG agreed to unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Company in relation to its Notes (registered under ISIN code XS0820547742), which were issued on 4 October 2012 and amended and restated pursuant to the Trust Deed. CPI PG has also undertaken in the Trust Deed to be bound by certain limitations on its activities and to maintain certain financial ratios.

In consideration of CPI PG's entry into the Trust Deed and the guarantee given thereunder, the Company has agreed to pay to CPI PG a guarantee fee of 3% per annum of the outstanding principal balance of the Notes, payable on a payment in kind (PIK) basis falling due on the business day after all amounts payable in connection with the Notes have been paid in full.

Transaction with Suncani Hvar

As part of the pre-bankruptcy reorganization proceedings of Suncani Hvar on 19 December 2014 the Group agreed to equitize its receivables in the amount of approximately EUR 1.58 million into newly issued Suncani Hvar shares as part of the pre-bankruptcy plan. In order to support Suncani Hvar the Group agreed on 19 December 2014 not to invoice its management fees from the date of initiating of the SHH pre-bankruptcy proceedings. On 22 April 2015 the Group also terminated the management agreement with SHH.

17 Litigations

On 28 December 2012, the Group filed a request for arbitration against the State Property Management Agency of the Republic of Croatia, also known as AUDIO, which is the legal successor to the Croatian Privatization Fund. Orco's preliminary claims for damages exceed EUR 32 million. The claims relate to underlying title disputes to properties on the island of Hvar in Croatia held through the Croatian company Suncani Hvar d.d. In 2013 AUDIO has transformed into the Croatian Centre for Restructuring and Sales (CERP) and the State Property Management Administration (DUUDI). On 19 December 2014 the Company and the Republic of Croatia announced the signing of a memorandum of understanding concerning their stakes in Suncani Hvar d.d. The memorandum dealt with, inter alia, a mutual settlement of the ICC International Court of Arbitration proceedings between the Company and the Republic of Croatia. Following a joint request, the arbitration proceedings were stopped by a consent award issued by the ICC International Court of Arbitration.

On 20 January 2015 the Company was served with a summons by Kingstown, claiming on former shareholders of the Company. The action was filed with the „Tribunal d'Arrondissement de et a Luxembourg“ and seeks condemnation of the Company, CPI PG 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 damage claimed arose inter alia from the alleged violation of the Company's minority shareholders rights. The 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.

18 Events after the reporting period

18.1 Early Termination of Safeguard Plan Accepted

Following the successful completion of various projects and transactions, as well as its reorganization and restructuring that took place in 2014 and 2015, the Company decided to request a termination of its Safeguard plan linked with an early repayment of those liabilities admitted to the Safeguard plan that became due. Towards this end, the Company filed on 19 June 2015 a request with the Paris Commercial Court (the "Court") to modify its Safeguard plan.

On 19 August 2015, the Paris Commercial Court (the "Court") pronounced a judgment pursuant to which the Court accepted Company's request to modify its Safeguard plan as follows:

- Within fifteen days as of the pronouncement of the judgment, the Company is obliged to pay to the Safeguard administrator liabilities that are subject to and due under the Safeguard plan;
- The Safeguard administrator will proceed with the distribution of the funds received from the Company, after today's judgment becomes final;
- Other liabilities that were admitted to the Safeguard, but are conditional or uncalled (such as uncalled bank guarantees, conditional claims of the holders of Warrants 2014 registered under ISIN code XS0290764728, provided that they were admitted to the Safeguard plan), will be paid according to their contractual terms.
- The duration of the Safeguard plan has been reduced to two months.

The liabilities to be paid based pursuant to the filed request amount to EUR 9,762,152 and include the remaining bond debt (EUR 4,375,934) as well as debts towards suppliers and called bank guarantees (EUR 5,386,218). Pre-Safeguard liabilities that were not admitted to the Company's Safeguard will be unenforceable.

18.2 Disposal of Croatian entities

On 10 July 2015, the Group entered into an agreement concerning a disposal of a land bank project located at peninsula Istria, Croatia. The purchase price of this transaction is HRK 492 thousand.

On 21 August 2015, the Group disposed of the second project – residential building Sun House – located in city Hvar, Island of Hvar, Croatia. Transaction price of this asset is EUR 1.0 million.

18.3 Intent to List the Company Shares on Luxembourg Stock Exchange

The Company decided to apply for the admission to trading of its 314,507,629 ordinary shares, representing the entire share capital of the Company, on the regulated market of the Luxembourg Stock Exchange, which constitutes a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial. The admission to trading is subject to the approval of a prospectus by the Commission de Surveillance du Secteur Financier. The admission to trading is expected to occur in Q3 2015.

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To the Shareholders of
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Report of the Réviseur d'Entreprises agréé on the review of the condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Orco Property Group S.A. (“the Company”) and its subsidiaries (“the Group”) as at 30 June 2015, the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated interim financial information (“the condensed consolidated interim financial information”). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Luxembourg, 27 August 2015

KPMG Luxembourg Société coopérative
Cabinet de révision agréé

Alison Macleod