



PALMER CAPITAL EMERGING EUROPE PROPERTY FUND N.V.
SEMI-ANNUAL REPORT 2015



1 FOREWORD

Against a background of dynamic economic growth in its core markets in the first half of 2015, the Palmer Capital Emerging Europe Property Fund has delivered improvements in all key ratios of performance over the reporting period. The Fund Management expects the improvements in performance demonstrated during the first six months of 2015 to continue during the second half of the year.

In parallel, the Fund's management has moved ahead with its plans to grow the Fund (as outlined to shareholders at the AGM in May) and expects to inform shareholders further in this respect later this year.

The Fund completed its financial restructuring during the reporting period by repaying the final tranche of the loan to SNS Bank and completing the sale of the GiTy property in Brno. Regular distributions to shareholders recommenced in June, with a payment of 30 cents per share based on the 2014 results. On the basis of the H1 2015 operational performance, Management is recommending an interim 10 cents per share distribution, payable in October.

Key data per 30-6-2015 and 31-12-2014

	30-06-2015	31-12-2014
Number of assets	14	15
Total Assets (EUR 1,000)	56,013	58,636
Shareholders' Equity (EUR 1,000)	28,481	28,554
Total Liabilities (EUR 1,000)	27,532	30,082
Bank Debts (EUR 1,000)	22,592	24,682
LTV (%)*	43.1	44.7
Net Asset Value per share (EUR)	20.27	20.24
Share price (EUR)	10.40	8.45
Occupancy (%)	79.9	75.0
Gross Income (EUR 1,000)	3,297	6,960

* defined as Bank Debts / Investment property and other investments

Please see page 4 – 6 of the Fund's annual report 2014 for the Fund related contact details, the Fund incorporation details and Fund identification codes.

2 REPORT OF THE MANAGEMENT BOARD

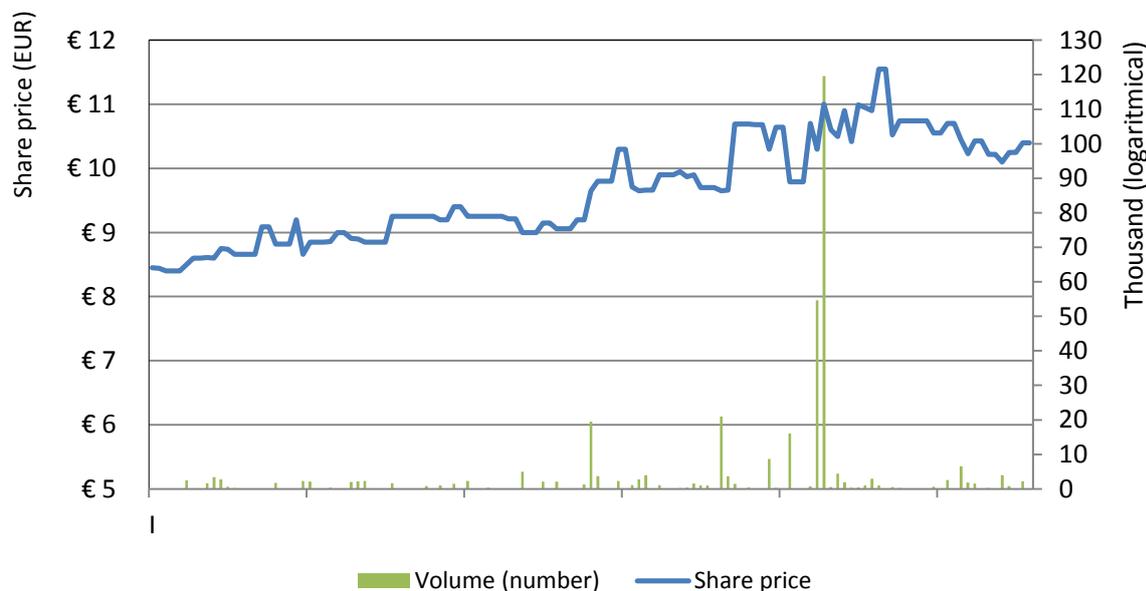
The Management Board hereby presents the semi-annual report 2015 of Palmer Capital Emerging Europe Property Fund N.V. (The Property Fund). The reporting period is from 1 January 2015 to 30 June 2015.

2.1 SUMMARY OF EVENTS

2.1.1 DEVELOPMENTS DURING THE FIRST HALF OF 2015

The Property Fund concluded the reporting period with a net asset value per share of EUR 20.27 at 30 June 2015 (figure 1), 0.1% higher than at the end of 2014. Including the distribution of (EUR 0.30 (1.5%) to shareholders the net asset value would be 1.6% higher. During the same period the price on the stock exchange increased by 23.1% from EUR 8.45 to EUR 10.40.

Figure 1 –Development of the Property Fund’s stock price per share during the first half of 2015



The following events took place during the reporting period:

General Meeting of Shareholders

On 13 May 2015 the General Meeting of Shareholders adopted the annual accounts of 2014 and approved the proposal to distribute EUR 0.30 per share to the shareholders for 2014.

Convertible bond issue (February 20, 2015)

The Property Fund placed a second tranche of the convertible bond on 20 February 2015 as announced in October 2014.

The second tranche of the convertible bond amounted to EUR 1.42 m and was placed privately. The loan has a term of three years and a coupon of 6%. The conversion price is EUR 10.30 and the bonds are convertible as from 20 February 2016. The funds raised were used to repay the loan from SNS Bank.

With the repayment of this loan the financial restructuring of the Property Fund was completed. The restructuring involved the sale of some buildings, the refinancing of senior debt in the Czech Republic and Slovakia and the issuance of new shares and a convertible bond.

SNS Bank loan repayment (February 27, 2015)

The Property Fund repaid the outstanding loan of EUR 1.37 m of the SNS Bank in its entirety.

Sale of office in Brno (March 16, 2015)

The Property Fund concluded the sale of the GiTy office building in the Czech city of Brno. The buyer was a local entrepreneur. The gross sales proceeds were EUR 3.18 m, The financial settlement took place during May 2015 and the sale proceeds were largely used to repay part of the Sberbank loan. This improved the loan to value ratio (LTV) of the portfolio from 44.7% at year-end 2014 to 43.9%. Because the building was partially empty, the occupation rate of the remaining portfolio improved.

Publication of Annual Report 2014 (March 31, 2015)

The Annual Report 2014 published on 31 March 2015 showed that the Property Fund realized in 2014 a profit after tax of EUR 1.12 m. (2013: - EUR 133,000). Earnings per share were EUR 0.82 (2013: - EUR 0.10 per share)

Proposed distribution (March 31, 2015)

During the General Meeting of Shareholders on 13 May 2015 the Property Fund proposed a distribution to shareholders of EUR 0.30 per share. The proposal was adopted unanimously.

Property Fund binds Czech 'UVW' as existing long-term tenant (April 2, 2015)

The Property Fund agreed with the Czech Labour Office to convert their lease in Sujanovo Namesti in Brno from an indefinite term cancellable on six months notice into a lease for six years term certain. The net annual rent, on an area of 1,800 m², now amounts to EUR 100,000. The new long-term lease offers the Property Fund more security and will contribute positively to the long-term performance of the building.

Real estate portfolio valuation

On 30 June 2015, the management of the Property Fund reassessed the property portfolio values at EUR 52.39m. This was unchanged from the external valuation as at end 2014. For more detailed information see the consolidated financial statements.

2.1.2 NET ASSET VALUE AND SHARE PRICE DEVELOPMENT

The Net Asset Value of the Property Fund continued to increase based on the positive operational result. The following tables show the development of the Property Fund's Net Asset Value during the period 1 January 2015 to 30 June 2015.

Table 1 – Comparative statement of the NAV per share

	30-06-2015	31-12-2014
Shareholders' equity (in EUR x 1,000)	28,481	28,554
50% of the deferred tax liabilities concerning revaluation gains on investment property (EUR x 1,000)	681	563
Shareholders equity in accordance with EPRA (EUR x 1,000)	29,162	29,117
Number of ordinary shares in issue	1,438,704	1,438,704
Adjusted EPRA-NAV (in Euro)	20.27	20.24
Return on NAV YtD (%)*	0.1	-/- 0.9

* including cash distribution to shareholders the return on NAV is 1.6%

Table 2 –Development of the share price per month to 30-6-2015

Period	Opening price begin month	Closing price end month	Volume
	In EUR	In EUR	Pieces
1 st quarter 2014	8.21	7.20	64,122
2 nd quarter 2014	7.25	7.88	64,929
3 rd quarter 2014	7.86	7.95	55,673*
4 th quarter 2014	7.81	8.45	69,618
January	8.44	9.20	13,219
February	8.85	9.25	13,874
March	9.20	9.20	15,828
April	9.20	10.69	64,331
May	10.70	11.55	213,030
June	10.60	10.40	21,019

* excluding 98,997 shares that were issued over-the-counter

The above table shows that the trading volume in Q2 2015 increased significantly, to an average of 56,883 units per month of trading. However the average was strongly influenced by several large transactions on the stock market during this period. Over the reporting period, the discount of the share price to net asset value per share was in a range between 47% - 59%. At the end of the reporting period the share price (EUR 10.40) showed a 48% discount to the net asset value per share.

2.2 OPERATIONAL HIGHLIGHTS

2.2.1 ECONOMIC BACKGROUND AND REAL ESTATE MARKET

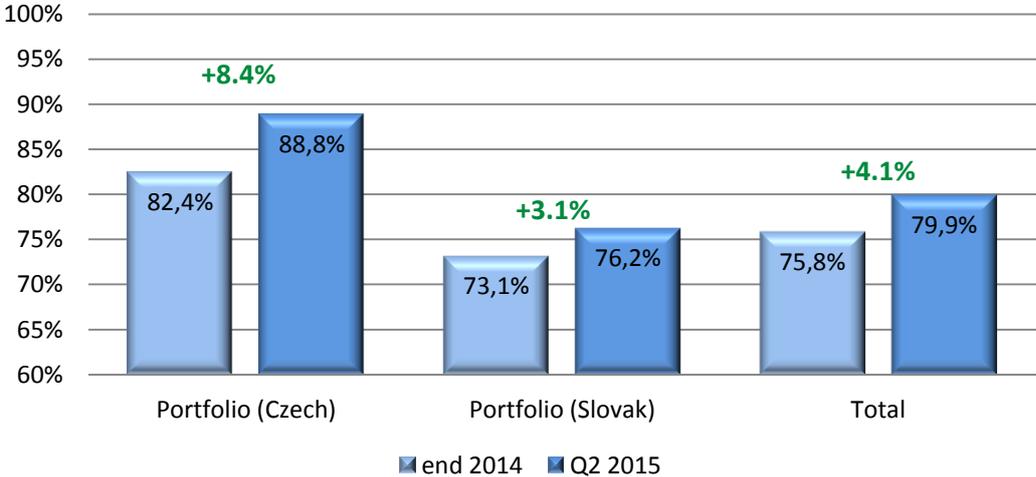
Both the Czech and Slovak economies showed dynamic growth in the first half of 2015. The Czech Republic in particular demonstrated an acceleration of GDP growth to 3.4% in H1 2015 (annualized 6.8%), the best performance of all emerging economies outside Asia, driven by booming domestic consumption and record exports of manufactured goods. Slovakia delivered a healthy 1.6% uplift in GDP over the same period (annualized 3.2%). This positive performance is affecting both business sentiment and the demand from companies for office, retail and warehouse space. This, in turn, is leading to increases in occupancy levels and ultimately to rental growth.

Reflecting these trends and the continuing availability of cheap debt finance, turnover volumes in the regional real estate investment markets continue to grow. In the Czech Republic investment trading volume during H1 2015 increased by 52% yoy to EUR 2,0 bn. compared to EUR 1.3 bn. in the same period last year. The expectation of the Fund’s management is that these positive trends will continue in the medium term.

2.2.2 OPERATIONAL DEVELOPMENT

The weighted occupancy rate of the portfolio was 79.9% at the end of the second quarter (end 2014: 75%). The occupancy rate of the Czech portfolio has risen from 82.4% (December 31, 2014) to 88.8% and of the Slovak portfolio from 73.1% (December 31, 2014) to 76.2% at 30 June, 2015. This increase reflects the general positive economic trends highlighted in 2.4.1 above and the additional funds now available to the asset management teams (through the financial restructuring) to support their letting programmes.

Figure 2 – Portfolio occupancy rate (percentage of weighted lettable area)



2.2.3 REAL ESTATE PORTFOLIO DEVELOPMENT

The like-for-like total income of EUR 3.30m from the current portfolio is 5.1% higher compared to the same period in the previous year (EUR 3.14). This increase is related to the material occupancy increase since January 2015. Management anticipates a continued improvement in occupancy levels during H2 2015.

Table 3 – Comparative statement of the real estate portfolio

	30-06-2015	30-06-2014	change	%
Fair value (EUR x 1,000)	52,385	57,055	-/-4.67	-/-8.2%
Number of properties	14	17	-/-3	-/-17.6%
Rentable area (m ²)	80,434	109,335	-/- 28,901	-/-26.4%
Occupancy (%)	79.9	71.2	8.7	12.2%

Figure 2 – Fair value per city at 30-6-2015

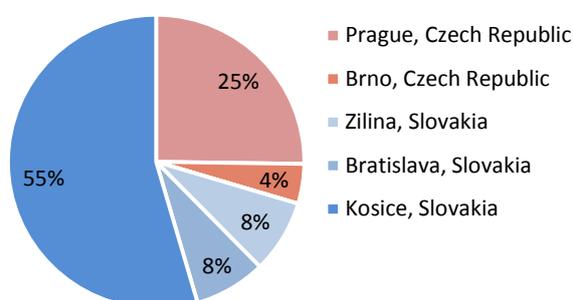


Figure 3 – Portfolio area occupancy at 30-6-2015

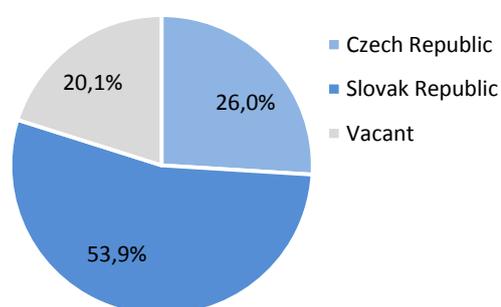


Table 4 – Comparative semi annual statement of real estate income within portfolio

EUR 1,000	01-01-2015 until 30-06-2015	01-01-2015 until 30-06-2015 <i>Like-for-like*</i>	01-01-2014 until 30-06-2014 <i>like-for-like</i>	Change In EUR 1,000 <i>like-for-like</i>	Change In %
Gross rental income	2,912	2,847	2,819	28	1.0%
Service cost income	385	337	317	20	6.3%
Total income	3,297	3,184	3,136	48	1.5%
Service costs	-/- 1,022	-/- 959	-/- 931	-28	3.0%
Operational costs	-/- 782	-/- 758	-/- 751	-7	0.9%
Net rental income	1,493	1,467	1,454	13	0.9%

* Excluding Gity which was sold during Q1 2015

The like-for-like increase in total net rental income in the amount of EUR 13,000 is due to an increase in occupancy at the beginning of 2015. During the period the net rental income was EUR 1.47 m., 0.9% more than for the comparable portfolio during the previous period.

Table 5 – Comparative quarterly statement of real estate income within the portfolio

<i>EUR 1,000</i>	01-04-2015 until 30-06-2015 <i>Like-for-like</i>	01-01-2015 until 31-03-2015 <i>Like-for-like</i>	Change In EUR 1,000	Change In %
Gross rental income	1,412	1,435	-/- 23	-/- 1.6%
Service cost income	164	173	-/- 9	-/- 5.2%
Total income	1,576	1,608	-/- 32	-/- 2.0%
Service costs	-/- 389	-/- 570	181	-/- 31.8%
Operational costs	-/- 372	-/- 386	14	-/- 3.6%
Net rental income	815	652	163	25.0%

The quarter like-for-like comparison shows that the net rental income during the second quarter of 2015 increased by 25% in comparison to the first quarter 2015. Due to seasonal effects, related to energy costs, the service costs are lower in the second quarter of 2015 than the previous quarter.

2.3 FINANCIAL HIGHLIGHTS

2.3.1 BALANCE

Table 6 – Balance

<i>EUR 1,000</i>	30-06-2015	31-12-2014
Investment property	52,385	52,080
Non-current assets	799	837
Current assets	2,829	5,719
Total assets	56,013	58,636
Shareholders' equity	28,481	28,554
Deferred tax liabilities	4,095	4,004
Long-term loans and borrowings	21,465	22,183
Total current liabilities	1,972	3,895
Total shareholders' equity and liabilities	56,013	58,636

Both the decrease in current assets amounting to approximately EUR 2.89m and the decrease in long-term loans and borrowings amounting by approximately EUR 0.72 m., is mainly related to the disposal of the Marianska namesti 1 (GITY) property in Brno, Czech Republic end February 2015.

2.3.2 RESULT

Table 7 – Comparative statement of semi annual results

<i>EUR 1.000</i>	1-1-2015 until 30-6-2015	1-1-2014 until 30-6-2014 <i>like-for-like</i>	Change In EUR 1,000 <i>like-for-like</i>	Change In % <i>like-for-like</i>
Direct result before tax	533	462	71	15.4%
Indirect result before tax	-228	0	-228	n.a.
Result before tax	305	462	-157	-34.0%
tax	-112	-127	15	-11.8%
Result after tax	193	335	-142	-42.4%

The increase of the like-for-like *direct result* before tax in the amount of EUR 71,000 (+15.4%), is related to the increase in rental income and the EUR 24,000 lower financial expenses related to the lower interest amount after refinancing.

Table 8 – Comparative statement of quarterly results

<i>EUR 1.000</i>	1-4-2015 until 30-6-2015 <i>Q1</i>	1-1-2015 until 31-3-2015 <i>Q2</i>	Change In EUR 1,000	Change In %
Direct result before tax	328	205	123	60%
Indirect result before tax	54	-/- 282	336	n.m.
Result before tax	382	-/- 77	459	n.m.
tax	-81	-/- 31	-50	n.m.
Result after tax	301	-/- 108	409	n.m.

The quarterly comparison shows a 60% improvement of the direct result before tax. The increase of the direct result is related to the continuing improvement in occupancy within the portfolio.

2.3.3 FINANCIAL POSITION

The financial result of EUR 0.19 m. contains the operating result, the valuation result, the reversal of deferred taxes and the impact of currency movements. The total return on Net Asset Value in the first half of 2015 was 0.1%. Including the distribution to shareholders in June 2015 the total return was 1.7%. The following table provides a statement of investment results for the period and the same period last year.

Table 7 – Statement of recognised income and expense for the period to 30 June 2015

<i>EUR 1,000</i>	01-01-2015 until 30-06-2015	01-01-2014 until 30-06-2014
Equity component convertible bonds	56	-
Foreign currency translation differences on net investment in group companies	124	11
Income tax on foreign currency translation differences on net investment in group companies	-	-
Income tax on equity component convertible bonds	-/- 14	
Net gain/ (loss) recognised directly in equity	110	11
Profit for the period	193	431
Total recognised income and expense for the period	359	442

During the period the equity increased by EUR 0.19 m. due to the positive operational result. The number of outstanding shares increased to 1,438,704. The sum of outstanding bank loans decreased net by EUR 2.14 m. during the period to EUR 20.17 m. The LTV at 30-6-2015 was 43.1% (31-12-2014: 47.5%).

2.4 FUND COMMENTARY AND OUTLOOK

In the first half of 2015, alongside further operational cost reductions, the Property Fund demonstrated considerable improvements in occupancy levels. These improvements are expected to continue during H2 2015 and will have a strong positive effect on bottom-line Fund performance.

This continuing improvement in the Fund's operational performance supports the decision of the Fund's management, announced in March 2015, to resume periodic distributions to shareholders. Accordingly, Management is recommending an interim distribution of 10 cents per share based on the H1 2015 results.

In parallel, the Fund's management has continued to pursue various options to grow the Fund in accordance with the plans presented to the shareholders in May 2015. The management is planning to make further announcements to shareholders in Q3 2015 in this respect.

2.5 DECLARATION OF THE MANAGING BOARD

The Managing Board of the Property Fund hereby declares that, to the best of its knowledge, the consolidated interim financial statements prepared in accordance with IAS 34 "Interim Financial Reporting", provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Property Fund and the undertakings included in the consolidation taken as a whole and that the interim financial statements includes a true and fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the "Wft").

Deventer, 31 August 2015

*The management, Palmer Capital - Fondsenbeheer B.V.
G.St.J. Barker LLB FRICS, Managing director
P.H.J. Mars, M.Sc., Managing director
P.H. van Kleef RC MRE, Managing director*

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2015

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>after distribution of result</i>	Notes	30-06-2015 In EUR 1,000	31-12-2014 In EUR 1,000
Assets			
Investment property	8.9	52,385	52,080
Other investments	8.10	90	89
Deferred tax assets		709	748
Total non-current assets		53,184	52,917
Trade and other receivables	8.11	985	854
Cash and cash equivalents		1,844	1,692
Assets held for sale	8.12	-	3,173
Total current assets		2,829	5,719
Total assets		56,013	58,636
Shareholders' equity¹			
Issued capital	8.13 6	7,194	7,194
Share premium	6	16,929	17,361
Revaluation reserve	6	4,004	4,004
Reserve for currency translation differences	6	2,259	2,135
Equity component convertible bonds	6	91	49
Retained earnings	6	-/- 1,996	-/- 2,189
Total shareholders' equity (attributable to parent company shareholders)		28,481	28,554
Liabilities			
Interest-bearing loans and borrowings	8.15	21,465	22,183
Deferred tax liabilities		4,095	4,004
Total non-current liabilities		25,560	26,187
Interest-bearing loans and borrowings	8.15	1,127	2,499
Trade and other payables	8.16	845	1,393
Income tax payable		-	3
Total current liabilities		1,972	3,895
Total liabilities		27,532	30,082
Total shareholders' equity and liabilities		56,013	58,636

¹ Group equity

4 CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Gross rental income		2,912	3,125
Service charge income		385	441
Service charge expenses		-/- 1,022	-/- 1,160
Property operating expenses	8.20	-/- 782	-/- 856
Net rental and related income		1,493	1,550
Valuation results of properties	8.21	4,129	-
Results on disposals of properties	8.22	-/- 4,412	-
Net results on properties		-/- 283	-
Financial income	8.23	15	31
Other operating income		1	11
Other income		16	42
Total income		1,226	1,592
Administrative expenses	8.24	210	237
Other operating expenses		200	262
Total expenses		410	499
Net operating result before financial expenses		816	1,093
Financial expenses	8.26	511	535
Profit before income tax		305	558
Income tax expense		-/- 112	-/- 127
Profit for the period		193	431
Attributable to:			
Parent company shareholders		193	431
Profit for the period		193	431
Basic earnings per (ordinary and registered) share (EUR)	8.27.1	0.13	0.32
Diluted earnings per (ordinary and registered) share (EUR)	8.27.4	0.13	0.32

5 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Notes</i>	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Items never reclassified subsequently to profit or loss:		
Equity component convertible bonds	56	-
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences on net investment in group companies	124	11
Income tax on foreign currency translation differences on net investments in group companies	-	-
Income tax on equity component convertible bonds	-/- 14	-
	110	11
Net gain / loss (-/-) recognized directly in shareholders' equity	166	11
Profit for the period	193	431
	4	431
Total comprehensive income for the period	359	442
Attributable to:		
Parent company shareholders	359	442
	359	442

6 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Issued capital	Share premium	Revaluation reserve	Reserve for currency translation differences	Equity component convertible bonds	Retained earnings	Total share- holders' equity
	In EUR 1,000	In EUR 1,000	In EUR 1,000	In EUR 1,000	In EUR 1,000	In EUR 1,000	In EUR 1,000
Balance as at 1 January 2014	6,699	17,219	4,191	2,205	-	-/- 3,500	26,814
Total comprehensive income	-	-	-/- 187	-/- 70	49	1,311	1,103
Own ordinary shares issued	495	142	-	-	-	-	637
Balance as at 31 December	7,194	17,361	4,004	2,135	49	-/- 2,189	28,554
Balance as at 1 January 2015	7,194	17,361	4,004	2,135	49	-/- 2,189	28,554
Total comprehensive income	-	-	-	124	42	193	359
Distribution to shareholders	-	-/- 432	-	-	-	-	-/- 432
Balance as at 30 June 2015	7,194	16,929	4,004	2,259	91	-/- 1,996	28,481

7 CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Cash flow from operating activities			
Profit for the period	4	193	431
<i>Adjustments for:</i>			
Net valuation gains on properties ²		44	-
Exchange and currency translation results		1	-/- 2
Interest income	8.23	-/- 15	-/- 31
Interest expensed	8.26	511	535
Income tax expensed		112	127
Change in trade and other receivables		-/- 131	-/- 177
Change in trade and other payables		-/- 551	-/- 71
Cash generated from operations		164	812
Interest received		3	-
Interest paid		-/- 497	-/- 483
Income tax paid		-/- 3	-
Net cash from / used in (-/-) operating activities		-/- 333	329
Cash flow from investing activities			
Proceeds from the sale of properties		3,179	-
Acquisition of / additions to properties		-/- 36	-/- 5
Net cash from / used in (-/-) investing activities		3,143	-/- 5
Cash flow from financing activities			
Proceeds from the issue of convertible bonds		1,420	-
Proceeds from loans and borrowings		32	10,873
Repayments of loans and borrowings		-/- 3,665	-/- 10,846
Distribution to shareholders		-/- 432	-
Net cash from / used in (-/-) financing activities		-/- 2,645	27
Net increase / decrease (-/-) in cash and cash equivalents		165	351
Cash and cash equivalents as at 1 January		1,692	659
Effect of exchange and currency translation result on cash held		-/- 13	3
Cash and cash equivalents as at 30 June		1,844	1,013

² Transaction costs and transfer tax excluded.

8 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8.1 GENERAL

The company Palmer Capital Emerging Europe Property Fund N.V., hereinafter referred to as the Property Fund, was incorporated on 27 November 2002 in accordance with Dutch law and is established in Amsterdam (the Netherlands). The Property Fund obtained a listing on the NYSE Euronext Amsterdam on 13 November 2003.

The consolidated interim financial statements of the Property Fund for the financial period comprise the Property Fund and its subsidiaries.

8.2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and with the International Financial Reporting Standards (“IFRS”) and the interpretations thereof adopted by the International Accounting Standards Board (“IASB”) as adopted by the European Union (hereinafter referred to as “EU-IFRS”). In the preparation of these consolidated interim financial statements also there has been taken account of other legal regulations, under which Book 2, Title 9 of the Dutch Civil Code (Boek 2, Titel 9 Burgerlijk Wetboek) and the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the “Wft”).

8.3 STATEMENT OF COMPLIANCE AND FUTURE RELATED ASSUMPTIONS

PCEEPF has applied the significant accounting principles as set out in the financial statements 2014 section 12.2 to 12.22. The Managing Board authorized the consolidated interim financial statements for issue on 31 August 2015.

As at 30 June 2015, shareholders’ equity of the Property Fund is positive. As stated in the liquidity forecast till 2016, the current cash position is sufficient to cover budgeted costs. Based on these assumptions, the Managing Board is of the opinion that the Property Fund is able to continue as a going concern and that the consolidated interim financial statements are based on assumptions of going concern.

8.4 BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8.4.1 GENERAL

The consolidated interim financial statements have been prepared on the basis of historical cost, except for investment property and financial assets at fair value through the profit or loss, which are recognized at fair value.

The accounting policies are equal to those applied in the financial statements 2014 (section 12.2 to 12.21). The accounting policies have been consistently applied for all periods presented in these consolidated interim financial statements.

The consolidated interim financial statements are presented in Euros, rounded to the nearest thousand.

8.4.2 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the consolidated interim financial statements in accordance with EU-IFRS requires the Management to make judgements, estimates and assumptions that affect the application of policies and the reported value of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of which forms the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by Management in the application of the EU-IFRS that have significant effect on the consolidated interim financial statements, and estimates with a significant risk of material adjustment in the next year are described in section 8.30 of the Notes.

8.4.3 COMPARATIVE FIGURES

In the interim financial statements as at 30 June 2014 Asset Management fee amounting to EUR 225,000 was presented under "Administrative expenses". Since the Asset Management fee in the interim financial statements as at 30 June 2015 is presented under "Property operating expenses", the amount of EUR 225,000 is reclassified from "Administrative expenses". This reclassification has also impact on the sections 8.7.3 and 8.20.

8.4.4 CHANGE PRESENTATION CONSOLIDATED INCOME STATEMENT

To give more insight in unrealized results ("Valuation results of properties") and realized results ("Results on disposals on properties"), in the Consolidated income statement are these results mentioned instead of mentioning the amounts of "Valuation gains on investment property" and "Valuation losses on investment property". These amounts are mentioned in the notes to the consolidated interim financial statements. This change has no impact on the presentation of the comparative figures in the Consolidated income statement, since these amounts are nil in the comparative period.

8.4.5 NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

A number of new standards, changes to standards and interpretations have only taken effect after 1 January 2015 and therefore have not been applied to these consolidated interim financial statements. New standards that might be relevant for PCEEPF are set out in the financial statements 2014.

8.5 CONSOLIDATED SUBSIDIARIES

8.5.1 CONSOLIDATED SUBSIDIARIES

All subsidiaries of the Property Fund have been included in the consolidation. This relates to the following companies:

Company	Registered office	Country of incorporation	Holding as at 30-06-2015	Holding as at 31-12-2014
			In %	In %
A Palmer Capital RE Bohemia s.r.o.	Prague	Czech Republic	100.0	100.0
B Palmer Capital RE Slovakia s.r.o.	Bratislava	Slovakia	100.0	100.0

8.6 FOREIGN CURRENCY

8.6.1 FOREIGN CURRENCY TRANSACTIONS

The functional currency of the Property Fund is the Euro (EUR) reflecting the fact that the majority of the Property Fund's transactions are settled in EUR. The Property Fund has adopted the EUR as its presentation currency as the ordinary shares of the Property Fund are denominated in EUR.

Foreign currency transactions are translated into Euros at the exchange rate applicable on the transaction date. Monetary assets and liabilities in foreign currency are translated into Euros at the statement of financial position's date at the exchange rate applicable on that date. Exchange rate differences arising from translation are recognized in the income statement. Non-monetary assets and liabilities expressed in a foreign currency and stated on a historical cost basis are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities in foreign currency that are stated at fair value are translated into Euros at the exchange rates applicable on the dates on which the fair values were determined.

8.6.2 EXCHANGE RATES

	30-06-2015	31-12-2014	30-06-2014
Czech Koruna (EUR / CZK)	27.2530	27.7350	27.4530
% change	1.7%	-/- 1.0%	-/- 0.1%
Pound Sterling (EUR / GBP)	0.7114	0.7789	0.8015
% change	8.7%	2.8%	3.9%

Source: European Central Bank (ECB)

8.7 SEGMENT REPORTING

8.7.1 GENERAL

Segment information is given for each operating segment. An operating segment is a component of the Property Fund:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the Property Fund);
- Whose operating results are used by the Property Fund's chief operating decision maker to make decisions about resources to be allocated to the segment and to regularly review and assess its performance; and for which discrete financial information is available.

Given the Property Fund's Management decision-making structure and internal reporting structure each investment property is indicated as an operating segment. The investment properties held during the financial period (current period and / or previous period), as mentioned in section 8.9.1 "Analysis of investment properties" are taken into account in the segment reporting overviews.

The following segment reporting overviews are given for each investment property:

- A. Overview of segment result (net operating income), distinguished to the Property Fund's geographic categories;
- B. Overview of assets and liabilities distinguished to the Property Fund's geographic categories.

Since each separate investment property is indicated as an operating segment, most of the Property Fund's assets and liabilities cannot be allocated to the operating segments. Therefore only the carrying amount of each investment property is reported as segment assets (see section 8.9.1 "Analysis of investment properties").

The prices for transactions between segments are determined on a business-like, objective basis.

8.7.2 THE FUND'S GEOGRAPHIC CATEGORIES

The Property Fund distinguishes the following geographic categories:

- A. The Czech Republic;
- B. Slovakia;
- C. The Netherlands.

The segmentation criteria are equal to those described in the financial statements 2014 section 12.22.2.

8.7.3 OVERVIEW OF SEGMENT RESULT (OVERVIEW A)

Properties	Gross rental income		Service charge income		Service charge expenses		Property operating expenses		Net rental & related income		Results on disposals		Valuation results		Total segment result	
	01-01-15	01-01-14	01-01-15	01-01-14	01-01-15	01-01-14	01-01-15	01-01-14	01-01-15	01-01-14	01-01-15	01-01-14	01-01-15	01-01-14	01-01-15	01-01-14
	to	to	to	to	to	to	to	to	to	to	to	to	to	to	to	to
	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14	30-06-15	30-06-14
	In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000	
Czech																
Drahobejlova	42	35	24	21	-/- 29	-/- 30	-/- 27	-/- 15	10	11	-	-	-	-	10	11
Na Žertvách	123	109	49	49	-/- 34	-/- 34	-/- 45	-/- 30	93	94	-	-	-	-	93	94
Prvního	149	167	58	52	-/- 44	-/- 55	-/- 62	-/- 41	101	123	-	-	-	-	101	123
Marianske	65	180	48	111	-/- 63	-/- 145	-/- 24	-/- 58	26	88	-/- 4,412	-	4,129	-	-/- 257	88
Sujanovo	96	102	79	83	-/- 70	-/- 73	-/- 47	-/- 59	58	53	-	-	-	-	58	53
Politických	119	98	58	42	-/- 50	-/- 42	-/- 59	-/- 27	68	71	-	-	-	-	68	71
Total Czech	594	691	316	358	-/-290	-/- 379	-/-264	-/- 230	356	440	-/- 4,412	-	4,129	-	73	440
Slovakia:																
Račianska 71	n.a.	45	n.a.	7	n.a.	-/- 36	n.a.	-/- 14	n.a.	2	n.a.	-	n.a.	-	n.a.	2
Záhradnícka	132	146	2	3	-/- 37	-/- 36	-/- 35	-/- 29	62	84	-	-	-	-	62	84
Pražská 2	219	216	5	5	-/- 83	-/- 76	-/- 46	-/- 51	95	94	-	-	-	-	95	94
Pražská 4	163	180	1	1	-/- 55	-/- 52	-/- 41	-/- 41	68	88	-	-	-	-	68	88
Krivá 18	183	189	2	2	-/- 58	-/- 55	-/- 39	-/- 48	88	88	-	-	-	-	88	88
Krivá 23	190	195	3	3	-/- 63	-/- 62	-/- 41	-/- 52	89	84	-	-	-	-	89	84
Gemerská 3	97	123	4	4	-/- 62	-/- 66	-/- 30	-/- 33	9	28	-	-	-	-	9	28
Letná 45	629	623	7	7	-/- 78	-/- 72	-/- 107	-/- 138	451	420	-	-	-	-	451	420
Železiarska	n.a.	81	n.a.	6	n.a.	-/- 48	n.a.	-/- 33	n.a.	6	n.a.	-	n.a.	-	n.a.	6
Alexandra	226	222	39	40	-/- 110	-/- 107	-/- 61	-/- 75	94	80	-	-	-	-	94	80
Kysucká 16	479	414	6	5	-/- 186	-/- 171	-/- 118	-/- 112	181	136	-	-	-	-	181	136
Total	2,318	2,434	69	83	-/- 732	-/- 781	-/- 518	-/- 626	1,137	1,110	-	-	-	-	1,137	1,110
GRAND	2,912	3,125	385	441	-/- 1,022	-/- 1,160	-/- 782	-/- 856	1,493	1,550	-/- 4,412	-	4,129	-	1,210	1,550

8.7.4 RECONCILIATION SEGMENT RESULT WITH PROFIT FOR THE PERIOD

The reconciliation between the total segments results as calculated in section 8.7.3 with the profit for the period, mentioned in the consolidated income statement, is made below.

	01-01-2015 to 30-06-2015 in EUR 1,000	01-01-2014 to 30-06-2014 in EUR 1,000
Total segment result (overview A)	1,210	1,550
Unallocated income	16	42
Unallocated expenses	-/- 921	-/- 1,034
Profit before income tax	305	558
Income tax expense	-/- 112	-/- 127
Profit for the period	193	431

8.7.5 OVERVIEW OF GEOGRAPHIC ASSETS AND LIABILITIES (OVERVIEW B)

Assets	Czech Republic		Slovakia		The Netherlands		Subtotal		Unallocated		Total assets	
	30-06-15	31-12-14	30-06-15	31-12-14	30-06-15	31-12-14	30-06-15	31-12-14	30-06-15	31-12-14	30-06-15	31-12-14
	In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000		In EUR 1,000	
Investment property	15,500	15,230	36,885	36,850	-	-	52,385	52,080	-	-	52,385	52,080
Other investments	90	89	-	-	-	-	90	89	-	-	90	89
Deferred tax assets	177	174	505	574	27	-	709	748	-	-	709	748
Trade and other receivables	292	240	687	610	6	4	985	854	-	-	985	854
Cash and cash equivalents	671	840	832	562	341	290	1,844	1,692	-	-	1,844	1,692
Assets held for sale	-	3,173	-	-	-	-	-	3,173	-	-	-	3,173
Total geographic assets	16,730	19,746	38,909	38,596	374	294	56,013	58,636	-	-	56,013	58,636
Liabilities												
Interest bearing loans and	8,619	10,403	11,593	11,940	2,380	2,339	22,592	24,682	-	-	22,592	24,682
Deferred tax liabilities	456	449	3,612	3,539	27	16	4,095	4,004	-	-	4,095	4,004
Trade and other payables	393	540	360	459	92	394	845	1,393	-	-	845	1,393
Income tax payable	-	-	-	3	-	-	-	3	-	-	-	3
Total geographic liabilities	9,468	11,392	15,565	15,941	2,499	2,749	27,532	30,082	-	-	27,532	30,082

8.8 ACQUISITION OF SUBSIDIARIES

During the financial period the Property Fund acquired no subsidiaries.

8.9 INVESTMENT PROPERTY

8.9.1 Analysis of investment properties

No.	Name of premises	Address	Fair value	Fair value	Interest	Interest
			30-06-2015	31-12-2014	30-06-2015	31-12-2014
			In EUR 1,000	In EUR 1,000	In %	In %
In ownership of Palmer Capital RE Bohemia s.r.o.						
1	Drahobejlova	Drahobejlova 27, Prague	1,692	1,662	100.0	100.0
2	Palmovka	Na Žertvách 34, Prague	3,141	3,086	100.0	100.0
3	Karlin	Prvního Pluku 621/8a, Prague	3,699	3,635	100.0	100.0
4	VUP	Šujanovo náměstí 3, Brno	2,293	2,253	100.0	100.0
5	Newton House	Politických Vězňů 10, Prague	4,675	4,594	100.0	100.0
In ownership of Palmer Capital RE Slovakia s.r.o.						
6	Záhradnícka	Záhradnícka 46, Bratislava	4,100	4,100	100.0	100.0
7	Pražská 2	Pražská 2, Košice	2,742	2,740	100.0	100.0
8	Pražská 4	Pražská 4, Košice	2,501	2,500	100.0	100.0
9	Krivá 18	Krivá 18, Košice	2,890	2,890	100.0	100.0
10	Krivá 23	Krivá 23, Košice	2,840	2,840	100.0	100.0
11	Gemerská	Gemerská 3, Košice	1,637	1,620	100.0	100.0
12	Letná	Letná 45, Košice	9,895	9,880	100.0	100.0
13	Vural	Alexandra Rudnaya 21, Žilina	4,210	4,210	100.0	100.0
14	Kosmalt	Kysucká 16, Košice	6,070	6,070	100.0	100.0
Total fair value			52,385	52,080		

8.9.2 Statement of changes in investment properties

	30-06-2015	31-12-2014
	In EUR 1,000	In EUR 1,000
Balance as at 1 January	52,080	57,068
Purchases and additions	36	365
Exchange rate differences	269	-/- 210
Fair value adjustments	-	54
Sales	-	-/- 2,024
Reclassification to held for sale	-	-/- 3,173
Balance as at 30 June / 31 December	52,385	52,080

8.9.3 Valuation of investment properties

The investment properties, stated under section 8.9.1 “Analysis of investment properties”, were not valued by an external, independent valuer as at statement of financial position’s date.

On quarterly basis, the Managing Board reviewed the appraised values of investment properties. The applied valuation method will be the same as used by the external, independent valuer, as described in the financial statements 2014. The Managing Board has decided to adjust the fair value of an investment property under the following conditions:

- If the expected rental value (ERV) determined by the external, independent valuer deviates more than 10%;
- Unforeseen circumstances during the financial period, such as fire or water damages to an investment property.

As a result of the above principles the Managing Board will henceforth use the most recent external valuation (as at 31 December 2014), whereby investments done during the financial period are added to the value of the investment property.

8.10 OTHER INVESTMENTS

8.10.1 Analysis of other investments

	Principal of investment		Number of shares	Interest In %
	In 1,000	In EUR 1,000		
Yellow Properties s.r.o.	CZK 1,691	65	1,590	5.0
Eastern European Property Fund Limited	GBP -	-	100	0.0

8.10.2 STATEMENT OF CHANGES OF OTHER INVESTMENTS

	Yellow Properties s.r.o. In EUR 1,000	EEPFL ³ In EUR 1,000	Total 2015 In EUR 1,000	Total 2014 In EUR 1,000
Balance as at 1 January	89	-	89	555
Exchange rate differences	1	-	1	-/- 4
Fair value adjustments	-	-	-	51
Sales / redemptions	-	-	-	-/- 513
Balance as at 30 June / 31 December	90	-	90	89

³ EEPFL: Eastern European Property Fund Limited

8.11 TRADE AND OTHER RECEIVABLES

8.11.1 ANALYSIS OF TRADE AND OTHER RECEIVABLES

	30-06-2015	31-12-2014
	In EUR 1,000	In EUR 1,000
Non-current part of trade and other receivables	-	-
Current part of trade and other receivables	985	854
	985	854

Trade and other receivables are presented after deduction of impairment losses. No such losses were stated during the financial period.

8.11.2 SPECIFICATION OF TRADE AND OTHER RECEIVABLES

	30-06-2015	31-12-2014
	In EUR 1,000	In EUR 1,000
Trade receivables from lessees	503	429
Receivable from sold investment property	350	350
Prepayments and deferred expenses	49	55
Arrangement fees	68	2
Other receivables	15	18
	985	854

The “Receivable from sold investment property” relates to the investment property Račianska sold during September 2014 for the amount of EUR 500,000. Contractually a part (EUR 150,000) was received during 2014. The remaining receivable of EUR 350,000 will be contractually received during 2015.

8.12 ASSETS HELD FOR SALE

8.12.1 ANALYSIS OF ASSETS HELD FOR SALE

No.	Name of premises	Address	Fair value	Fair value	Interest	Interest
			30-06-2015	31-12-2014	30-06-2015	31-12-2014
			In EUR 1,000	In EUR 1,000	In %	In %
In ownership of Palmer Capital RE Bohemia s.r.o.						
1	GiTy	Mariánské náměstí 617/1, Brno	n.a.	3,173	sold	100%

8.12.2 STATEMENT OF CHANGES IN ASSETS HELD FOR SALE

	2015	2014
	In EUR 1,000	In EUR 1,000
Balance as at 1 January	3,173	-
Exchange rate differences	50	-
Fair value adjustments	-/- 44	-
Sales	-/- 3,179	-
Reclassification from investment property	-	3,173
Balance as at 30 June / 31 December	-	3,173

8.12.3 SALES OF ASSETS HELD FOR SALE

During March 2015 GiTy was sold for the amount of CZK 86.806.000 (EUR 3.179.000).

8.13 SHAREHOLDERS' EQUITY

8.13.1 COMPARATIVE STATEMENT

	30-06-2015	31-12-2014	30-06-2014
Shareholders' equity (in EUR 1,000)	28,481	28,554	27,256
Number of ordinary shares in issue	1,411,713	1,411,713	1,296,819
Number of registered shares in issue	26,991	26,991	42,888
Total number of shares in issue entitled to profit	1,438,704	1,438,704	1,339,707
Net Asset Value per ordinary and registered share (in EUR)	19.80	19.85	20.34

8.13.2 DISTRIBUTION TO SHAREHOLDERS

At the Annual General Meeting (AGM) of PCEEPF dated 13th of May 2015, the AGM approved the proposal of the Managing Board for a distribution to the shareholders in the amount of EUR 0.30 per share. The ex-dividend date was 1st of June 2015. The payment date was 10th June 2015. The distribution has been charged against the "Share premium".

8.14 CALCULATION OF NET ASSET VALUE

For the calculation of the Net Asset Value (NAV), used as basis for the listing price during the financial period, the deferred tax concerning fair value adjustments of investment property and development property held for investment are eliminated for 50%. The percentage of 50% is an estimation of the present value of the tax applicable in the (near) future. In these consolidated interim financial statements the deferred tax liabilities are taken into account without applying any discount, which is in accordance with IFRS and not required by EPRA.

	30-06-2015	31-12-2014
Shareholders' equity in accordance with IFRS (in EUR 1,000)	28,481	28,554
Deferred tax liabilities concerning fair value adjustments of investment property, and development property held for investment (in EUR 1,000)	681	563
Shareholders' equity in accordance with Net Asset Value (in EUR 1,000)	29,162	29,117
Number of shares in issue entitled to profit	1,438,704	1,438,704
Net Asset Value⁴ per share (in EUR)	20.27	20.24

⁴ EPRA

8.15 INTEREST-BEARING LOANS AND BORROWINGS

8.15.1 ANALYSIS OF INTEREST-BEARING LOANS AND BORROWINGS

	30-06-2015	31-12-2014
	In EUR 1,000	In EUR 1,000
Long-term liabilities		
Secured bank loans	19,038	21,137
Convertible bonds	2,380	1,005
Other long-term liabilities	47	41
	21,465	22,183
Current liabilities		
Current portion of secured bank loans	1,127	1,165
Current portion of other long-term liabilities	-	1,334
	1,127	2,499
Total interest-bearing loans and borrowings	22,592	24,682

8.15.2 STATEMENT OF CHANGES OF SECURED BANK LOANS

	2015	2014
	In EUR 1,000	In EUR 1,000
Balance as at 1 January	22,302	25,496
Loans advanced	-	10,696
Redemptions	-/- 2,305	-/- 13,771
Exchange rate differences	168	-/- 119
Balance as at 30 June / 31 December	20,165	22,302

8.15.3 ANALYSIS OF CONVERTIBLE BONDS

No.	Date of issue	Date of maturity	Nominal interest rate	Face value		Carrying amount	
				30-06-2015	30-06-2015	31-12-2014	31-12-2014
			In %	In EUR 1,000	In EUR 1,000	In EUR 1,000	In EUR 1,000
1	01-12-2014	01-12-2019	6.00	1,070	1,011	1,070	1,005
2	20-02-2015	20-02-2018	6.00	1,420	1,369	N.a.	N.a.
				2,490	2,380	1,070	1,005

8.15.4 STATEMENT OF CHANGES OF CONVERTIBLE BONDS

	2015	2014
	In EUR 1,000	In EUR 1,000
Balance as at 1 January	1,005	-
Proceeds from issue	1,420	1,070
Amount classified as equity	-/- 56	-/- 66
Accreted interest	11	1
Balance as at 30 June / 31 December	2,380	1,005

8.15.5 ANALYSIS OF OTHER LONG-TERM LIABILITIES

	30-06-2015 In EUR 1,000	31-12-2014 In EUR 1,000
Unsecured bank loans	-	1,334
Long-term advance payments from tenants	47	41
	47	1,375

8.15.6 STATEMENT OF CHANGES OF OTHER LONG-TERM LIABILITIES

	Unsecured bank loans In EUR 1,000	Long-term advance payments from tenants In EUR 1,000	Total 2015 In EUR 1,000	Total 2014 In EUR 1,000
Balance as at 1 January	1,334	41	1,375	1,603
Loans advanced	24	8	32	103
Redemptions	-/- 1,358	-/- 2	-/- 1,360	-/- 331
Balance as at 30 June / 31 December	-	47	47	1,375

8.16 TRADE AND OTHER PAYABLES

8.16.1 ANALYSIS OF TRADE AND OTHER PAYABLES

	30-06-2015 In EUR 1,000	31-12-2014 In EUR 1,000
Non-current part of trade and other payables	-	-
Current part of trade and other payables	845	1,393
	845	1,393

8.16.2 SPECIFICATION OF TRADE AND OTHER PAYABLES

	30-06-2015 In EUR 1,000	31-12-2014 In EUR 1,000
Trade payables	306	771
Deposits received	164	392
Transfer tax (related to GiTy)	156	-
Value Added Tax en other taxes	125	82
Interest payables	71	68
Administrative expenses	6	71
Other liabilities, accruals and deferred income	17	9
	845	1,393

8.17 FINANCIAL INSTRUMENTS

8.17.1 GENERAL

In the context of normal operations the Property Fund incurs credit, interest and currency risks. These risks are not hedged by the Property Fund. The net investment in foreign subsidiaries is also not hedged by the Property Fund. At the statement of financial position's date there were no unsettled derivative financial instruments.

8.18 NON-CONTINGENT LIABILITIES

As at 30 June 2015 the Property Fund was not subject to contractual obligations concerning investments, repairs, maintenance or other non-contingent liabilities that will be settled in the following financial period.

8.19 CONTINGENT LIABILITIES

As at 30 June 2015 the Property Fund has the following contingent liabilities:

- Palmer Capital RE Bohemia s.r.o. has a potential liability under some circumstances (e.g. cancelled lease) for the amount of CZK 6,829,000 (EUR 251,000) to Kooperativa (the lessee of the parking places Štefánikova), which has paid the rent in advance for parking places for several years. Based on the negotiations during 2012 for the sale of the investment property Štefánikova, the new owner permits the lessee the usage of the parking places (free of payment) and the new owner will pay the tax with regard to the rent;
- The Property Fund has a potential liability for the amount of EUR 114,000 to Palmer Capital Fondsenbeheer B.V. regarding to Management fee, as a result of a provisional waiver for the Management fee 2014 above EUR 800,000.

As at 30 June 2015 the Property Fund was not subject to any further contingent liabilities, among which included obligations that result from security transactions related to (exchange) rate risk in connection with investments.

8.20 PROPERTY OPERATING EXPENSES

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Property management	221	246
Asset management	224	225
Maintenance expenses in respect of properties	138	153
Taxes on properties	99	117
Commission fees	75	84
Insurance premiums	14	14
Other direct operating expenses	11	17
	782	856

8.21 VALUATION RESULTS OF PROPERTIES

8.21.1 ANALYSIS OF VALUATION RESULTS OF PROPERTIES

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Investment properties	-	-
Properties held for sale	4,129	-
	4,129	-

8.21.2 SPECIFICATION OF VALUATION RESULTS PROPERTIES HELD FOR SALE

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Valuation gains	4,129	-
Valuation losses	-	-
	4,129	-

The "Valuation gains" for the amount of EUR 4,129,000 relates to the property GiTy, which has been sold during March 2015. This amount relates to the cumulative unrealized value adjustments booked in previous years (see also section 8.22.2).

8.22 RESULTS ON DISPOSALS OF PROPERTIES

8.22.1 ANALYSIS OF RESULTS ON DISPOSALS OF PROPERTIES

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Mariánské Náměstí 617/1, Brno	-/- 4,412	-

8.22.2 SPECIFICATION OF RESULTS ON DISPOSALS OF PROPERTIES

The results on disposals of properties consist of the total value adjustments of the sold property, calculated as the difference between the selling price and its purchase price. Therefore the results on disposals of properties include also the cumulative unrealized value adjustments booked in previous years. The specification is as follows:

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Value adjustments booked in current year	-/- 44	-
Value adjustments booked in previous years	-/- 4,129	-
	-/- 4,173	-
Consultancy fees and legal fees	-/- 82	-
Transfer tax	-/- 155	-
Other costs on sale of investment property	-/- 2	-
	-/- 239	-
	-/- 4,412	-

8.23 FINANCIAL INCOME

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Released from "Reserve for currency translation differences"	10	-
Interest income	3	31
Other exchange and currency translation results	2	-
	15	31

8.24 ADMINISTRATIVE EXPENSES

8.24.1 MANAGEMENT FEE

This is the total fee received by the Managing Board (Palmer Capital Fondsenbeheer B.V.) for the Management it performs. The calculation of the Management fee is equal to the fee described in the financial statements 2014 section 12.53.1 “Management fee”.

8.24.2 SPECIFICATION MANAGEMENT FEE

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Management fee	434	462
Asset Management fee (Palmer Capital Czech Republic s.r.o.)	224	225
Fund Management fee (Palmer Capital Fondsenbeheer B.V.)	210	237

8.24.3 PERFORMANCE-RELATED REMUNERATION

The Managing Board receives performance-related remuneration, which is dependent on the Property Fund's total annual return. The calculation of the performance-related remuneration is equal to those described in the financial statements 2014 section 12.53.3 “Performance-related remuneration”.

For the financial period 2015 the Managing Board received no performance-related remuneration (2014: no).

8.25 TRANSACTION COSTS

In accordance with the EU-IFRS principles of valuation the Property Fund includes the transaction costs incurred on purchase of investments in the purchase price of the investment, and recognizes the transaction costs incurred on sale of investment property and other investments under realized changes in the value of investments.

The analysis of identifiable and quantifiable transaction costs on purchase and sale of investments during the financial period is as follows:

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Transaction costs on purchase of investments	-	-
Transaction costs on sale of investments	-/- 84	-
	-/- 84	-

8.26 FINANCIAL EXPENSES

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Interest expense on loans taken up	437	494
Interest expense on convertible bonds	74	-
Fine interest on loans taken up	-	24
Released from "Reserve for currency translation differences"	-	17
	511	535

8.27 EARNINGS PER (ORDINARY AND REGISTERED) SHARE

8.27.1 CALCULATION OF BASIC EARNINGS PER (ORDINARY AND REGISTERED) SHARE

The basic earnings per (ordinary and registered) share are calculated by dividing the profit for the period attributable to shareholders of (ordinary and registered) shares by the weighted average number of outstanding (ordinary and registered) shares during the financial period.

8.27.2 PROFIT FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS OF (ORDINARY AND REGISTERED) SHARES (BASIC)

	01-01-2015 to 30-06-2015 In EUR 1,000	01-01-2014 to 30-06-2014 In EUR 1,000
Profit for the financial period	193	431

8.27.3 WEIGHTED AVERAGE NUMBER OF OUTSTANDING (ORDINARY AND REGISTERED) SHARES (BASIC)

	01-01-2015 to 30-06-2015 pieces	01-01-2014 to 30-06-2014 pieces
Issued shares as at 1 January	1,438,704	1,339,707
Effect on issued shares during the financial period	-	-
	1,438,704	1,339,707

8.27.4 CALCULATION OF DILUTED EARNINGS PER (ORDINARY AND REGISTERED) SHARE

The diluted earnings per (ordinary and registered) share is calculated by dividing the profit for the period attributable to shareholders of (ordinary and registered) shares, adjusted for costs relating to the convertible securities included in the profit for the period, by the weighted average number of (ordinary and registered) shares during the financial period, adjusted for the maximum number of (ordinary and registered) shares that could be converted during the year.

The adjustments as described are only made in case conversion will cause diluted earnings. In case conversion will have a positive effect of the earnings per (ordinary and registered) share, these adjustments are not made.

Since the convertible securities do not cause diluted earnings the calculation of the diluted earnings per (ordinary and registered) share is in accordance with the calculation of basic earnings per (ordinary and registered) share.

8.28 RISK MANAGEMENT

According to its investment policy set out in the prospectus the Property Fund may hold investments in direct investment property in Middle Europe. The Property Fund's investment portfolio currently consists primarily of property in the Czech Republic and Slovakia. These investment properties in principle are held for an indefinite period.

The Property Fund investment activities result in exposure to various risks. For a description of these risks, see the financial statements 2014, section 12.60 "Risk Management". As at statement of financial position's date the exposure to the risks, as described in the financial statements 2014, deviates not materially from their exposure as at 31 December 2014.

8.29 RELATED PARTIES

8.29.1 IDENTITY OF RELATED PARTIES

With regard to the Property Fund the following categories of related parties were distinguished during the financial period:

- I. Managers in key positions;
- II. Major investors (more than 20% of voting rights);
- III. All organisational entities within the group designated as Palmer Capital;
- IV. Investment trusts, investment funds and other investment companies, which are managed by an entity belonging to Palmer Capital;
- V. Investments undertaken by Palmer Capital, in which Palmer Capital has significant influence (more than 20% of voting rights).

8.29.2 TRANSACTIONS WITH AND / OR INTERESTS OF MANAGERS IN KEY POSITIONS (I)

During the financial period the Property Fund entered into the following transactions with the managers in key positions:

- A. The Managing Board of Palmer Capital Fondsenbeheer B.V. decided to reduce its own Management fee by an amount equivalent to the Asset Management fees paid by PCEEPF (and / or its subsidiaries) to Palmer Capital Czech Republic s.r.o.

During the financial period no other transactions occurred with members of the Management Board and / or members the Supervisory Board. Personal interests of members of the Managing and Supervisory Board are defined in section 16.4 "Personal interests".

The remuneration for the Managing Board is described in section 8.24 "Administrative expenses". The remuneration for the Supervisory Board and the remuneration for the statutory directors are described in the financial statements 2014 section 12.54 "Other operating expenses".

8.29.3 TRANSACTIONS WITH AND /OR INTERESTS OF MAJOR INVESTORS (II)

The Property Fund reports one major investor, namely Stichting Prioriteit MERE (the “Foundation”), which holds all priority shares in the Property Fund’s capital. No transactions occurred between the Foundation and the Property Fund during the financial period.

8.29.4 TRANSACTIONS WITH OTHER RELATED PARTIES (III-IV-V)

During the financial period the Property Fund entered into or maintained the following transactions with the other related parties:

- A. Palmer Capital RE Bohemia, s.r.o. paid Asset Management fees to Palmer Capital Czech Republic s.r.o. in the amount of EUR 39,000 (30 June 2014: EUR 42,000). The Managing Board of Palmer Capital Fondsenbeheer B.V. has decided to reduce its own Management fee by the same amount;
- B. Palmer Capital RE Slovakia s.r.o. paid Asset Management fees to Palmer Capital Czech Republic s.r.o. in the amount of EUR 185,000 (30 June 2014: EUR 183,000). The Managing Board of Palmer Capital Fondsenbeheer B.V. has decided to reduce its own Management fee by the same amount;
- C. Palmer Capital RE Bohemia s.r.o. paid fee for advisory services to Palmer Capital Czech Republic s.r.o. for the amount of EUR 8,000 (30 June 2014: EUR 11,000);
- D. Palmer Capital related parties rented office space in the Property Fund owned properties: 268 m² (30 June 2014: 259 m²);
- E. The Property Fund paid wages and salaries for its statutory Directors in the amount of EUR 3,000 (30 June 2014: EUR 3,000);

8.29.5 INVESTMENTS IN OTHER RELATED PARTIES (III-IV-V)

Investment trusts, investment funds and other investment companies, which are managed by an entity belonging to Palmer Capital, do hold investments in companies in which the Property Fund also holds investments.

- Middle Europe Opportunity Fund II N.V. (MEOF II) (in)directly holds investments in companies in which the Property Fund also holds investments. The following table shows the percentages the Palmer Capital managed companies hold of the outstanding shares in the companies as at 30 June 2015:

Company	MEOF II	The Property	Total
	In %	In %	In %
Yellow Properties s.r.o.	95.0	5.0	100.0

Yellow Properties sro is a Czech limited company currently undertaking a property development in Prague 9 adjoining the Property Fund’s Drahobejlva asset. Practical completion of the development, which comprised 84 apartments and 4 retail units, took place in October 2014. As at statement of financial position’s date about 95% of the units have been sold, the bank funding has been fully repaid and the Property Fund will receive a positive cash return on its investment during 2015.

8.29.6 AGREEMENTS WITH RELATED PARTIES

The Property Fund has not entered into any agreements with parties affiliated with the Managing Board of the Property Fund, other than as described in the financial statements 2014 section 12.53.4 “Agreement with Palmer Capital Fondsenbeheer B.V.”.

8.30 ESTIMATES AND FORMATION OF AN OPINION BY THE MANAGEMENT

The Managing Board has discussed with the Supervisory Board the development and choice of, and the provision of information on, the critical principles of financial reporting and estimates, as well as the application of those principles and estimates.

The major sources of uncertainty in estimates are as follows:

- A. Development of rents;
- B. Capitalisation factor for transactions;
- C. Fair rents per type of property;
- D. Property prices.

In section 8.9.3 “Valuation of investment properties” the critical assessments by the Managing Board in applying the Property Fund’s principles of the valuation of the investment properties are stated.

Deventer, 31 August 2015

The Managing Board:

*Palmer Capital Fondsenbeheer B.V.
On behalf of,*

*G.St.J. Barker LLB FRICS
Managing Director*

*P.H.J. Mars M.Sc.
Managing Director*

*Drs. P.H. van Kleef RC MRE
Managing Director*

The Supervisory Board:

*H.H. Kloos RBA
Chairman*

B. Vos M.Sc.

9 OTHER INFORMATION

9.1 PERSONAL INTERESTS

During the financial period neither the Managing Board nor the Supervisory Board held interests in investments by the Property Fund, except for B. Vos M.Sc. who had 2,000 ordinary shares (31 December 2014: 2,000) in private possession and 2,074 ordinary shares (31 December 2014: 2,074) in possession through Bas Vos B.V.

As at 30 June 2015 Palmer Capital Investments GmbH held 26,991 registered shares (31 December 2014: 26,991) in the Property Fund.

9.2 EVENTS AFTER STATEMENT OF FINANCIAL POSITION'S DATE

In August Palmer Capital Emerging Europe Property Fund NV has signed a new lease agreement with a new tenant, a successful webshop in the Czech Republic and Slovakia. In Prague. In total, approximately 459 m² of additional space was leased in the Drahobejlova property. The agreement represents an annual gross rent of approximately EUR 48,500 and has a term of one year. The occupancy of the Drahobejlova property increases to 92.1 %.

9.3 AUDITOR'S REPORT

The information in these consolidated interim financial statements has not been audited by an expert pursuant to article 393 Book 2 BW (auditor's report).