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PRESS RELEASE

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H1 results 2013

**Thanks to higher operational and financial profitability, ORCO Germany ends H1 with € 21.6m net profit**

**Half year financial results and outlook:**

- **Improved operational and financial result lead to significantly improved KPIs**

Higher occupancy and higher average rent led to an increased turnover of EUR 30.0 million for the Property Investments. The Development business line contributed to the revenue only for EUR 0.3 million in the absence of Sky Office sold in 2012. EBITDA is standing at EUR 14.4 million. With high valuation gains and lower interest expenses, ORCO Germany ended H1 with a net profit of EUR 21.6 million, following a loss of EUR 12.3 million in H1 2012. This leads to a significantly improved loan to value ratio of 51.7% and an increased NAV per share of EUR 1.13 million.

- **ORCO-GSG portfolio performs – all time highs on average rents and occupancy**

Repeatedly, ORCO-GSG has been successful in overcompensating major move outs by acquiring new tenants and consequently was able to improve rental revenues. Since December 2012, ORCO-GSG has managed to increase the average commercial net rent from EUR 5.18 per sqm to EUR 5.29 per sqm, raised the overall occupancy rate from 80.2% to 81.6%, thus increasing total revenues year on year by EUR 1.9 million, or 7.4%, to EUR 28.1 million.

- **Reduced Overhead Costs**

Compared to H1 2012 the salary spending reduced by EUR 0.2 million and the other operating expenses reduced by EUR 0.8 million. Excluding costs for utility supplies and taxes other than income tax – which both are mainly charged to tenants thus leading to higher service charges income – operating expenses reduced by EUR 1.3 million year on year.

- **Financial result improved significantly**

ORCO Germany was able to significantly reduce its interest expenses from EUR 14.0 million to EUR 6.8 million, as a result of (i) the successful bond restructuring, (ii) the GSG refinancing at better rates and (iii) the repayment of the Sky office loan. In addition, the other net financial result improved due to gains on the revaluation of interest rate derivatives.

## Key and post-closing events:

- **Successful launch of sale of Naunynstrasse**

ORCO-GSG's first conversion project (Naunynstrasse in Berlin-Kreuzberg) has been successfully launched. Until the end of August 2013, 36% of total units have been sold for an average price of approximately 2,880 EUR/sqm, with an average refurbishment cost of 1,130 EUR/sqm. At the end of 2011, i.e. before the conversion project had been initially discussed, the asset had been valued at below 600 EUR/sqm. The value of the remaining Kreuzberg portfolio is at approx. 860 EUR/sqm, which shows the value generation potential of the conversion strategy.

- **Capital increase on 6 June 2013**

On 6 June 2013, ORCO Germany increased its share capital by approximately EUR 2.8 million or 13.9% at a subscription price of EUR 0.712 per new share. The new shares will not be listed and will not be tradable before approval of the approval of the market regulations. The capital increase was made against the conversion and contribution in kind of 22,885 OG bonds by ORCO Property Group S.A.

- **New Shareholder**

On 3 June 2013, ORCO Germany has been informed by Kamoro Ltd. that the company holds 19.9 million shares representing 8.65% of ORCO Germany's new total share capital after the capital increase of 6 June. ORCO Property Group remains the largest and main shareholder with 88.2% of ORCO Germany.

## Outlook

For the second half of 2013, ORCO Germany will further profit from higher revenue and lower interest costs compared to the previous year. In addition to further improving Berlin's business park section, ORCO Germany will focus on small to medium sized developments of its own portfolio, starting with a development on its Gebauer land, and opportunistically review acquisitions of undermanaged assets to profit from our leasing and asset management competitive advantages.

## Quote from management

"We have an excellent Berlin portfolio, with lots of operational and development upside. We have been successful at extracting profitability out of our assets and this trend is set to further improve over the coming semesters with all asset management and development initiatives under way. We have therefore good visibility to drive up values, which are standing today at only 620€ per m<sup>2</sup>."

Jean-François Ott & Nicolas Tommasini

## About ORCO Germany

ORCO Germany S.A. is a property company that is listed in the General Standard on the Regulated Market at Frankfurt Stock Exchange and has its registered office in Luxembourg. The ORCO Germany Group, which acts consistently under its registered name of ORCO Germany, has been operating in Germany since 2004 and concentrates on commercial property and project development.

ORCO Germany is a subsidiary of the ORCO Property Group, which is one of the leading Central European property companies. The ORCO Property Group, established in 1991, is based in Luxembourg and has listings on NYSE Euronext Paris, Prague and Warsaw stock exchanges.

For further information please contact:

Kirchhoff Consult AG  
Sebastian Bucher  
Herrengaben 1  
20459 Hamburg  
T +49 (0)40 609186 18  
F +49 (0)40 609186 60  
E [sebastian.bucher@kirchhoff.de](mailto:sebastian.bucher@kirchhoff.de)