



## PRESS RELEASE

Berlin, 31. August 2010

Report on H1 2010 (not reviewed by auditor)

### ORCO Germany: Results of first half 2010

In line with the strategic refocusing of ORCO Germany on the profitable and less risky investment business, the planned disposition of non-strategic assets worth € 230 million progressed further. Development and Assets worth € 110 million have been sold in the first half year of 2010 in a non-distressed environment, resulting in a decrease of liabilities during the first half year 2010 by € 57.8 million to € 869.1 million.

Revenues amounted to € 99.3 million compared to € 36.3 Mio. in H1/2009, mainly driven by sales of non-strategic development projects comprising € 71.0 million (among others the Health Care Portfolio and H2 Office). The rental revenues increased slightly from € 27.4 million to € 28.3 million, of which GSG contributed € 25.5 million, thus overcompensating the loss of rental income from sale of non-strategic assets. GSG could raise both prices per sqm from € 4,80 to € 4,82 and occupancy rate from 76.5 % as of December 2009 to 77.1 % in June 2010.

Adjusted EBITDA was up 104 % from € 9.8 million in the first half of 2009 to today's € 19.9 million mainly thanks to gains from development and asset sales and the operational restructuring program. Around 12.2mn€ of the adjusted EBITDA can be considered as recurrent.

The consolidated profit was € 8.3 million after a negative result of € -104.5 million in June 2009. As a consequence the NAV increased by 14 % to € 2.04 per share.

The results were influenced by decreased amortization, impairments and provisions, but also through fair value profits and cost reductions. Nevertheless the net interest expenses (€ 21.6 million) are still higher than the adjusted EBITDA (€ 19.9 million). It is a management priority to achieve a full coverage of interest expenses by adjusted EBITDA by 2011.

Asset values improved by € 23.8 million thanks to the operational performance by ORCO Germany's core business GSG and a slight improvement of yields.

#### Outlook

With the operational restructuring almost completed and its core business performing well in a still challenging economic environment, the company's top priority will be to further improve its LTV ratio, which stands at 78 %, notably through a reduction of financial liabilities and the refinancing of the € 100 million nominal corporate bond and the € 299 million loan for GSG both maturing in mid 2012.

ORCO will continue the announced disposal program. Most remaining asset disposals processes are well advanced. One major step was the selling of the asset Cumberland at a sales price of € 29 million in July 2010.

The already announced conversion of the € 17.6 million shareholder loan of ORCO Property Group S.A. at € 1.60 per share and the related issue of free warrants for existing shareholders will further support the stabilization of the Company and strengthen the equity basis. The approval by the stock exchange supervisory board for the conversion is expected to be obtained shortly.

#### About ORCO Germany

ORCO Germany S.A. is a property company that is listed in the Prime Standard on the Regulated Market at Frankfurt Stock Exchange and has its registered office in Luxembourg. The ORCO Germany



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Group, which acts consistently under its registered name of ORCO Germany, has been operating in Germany since 2004 and concentrates on commercial property as well as on asset management and project development.

ORCO Germany is a subsidiary of ORCO Property Group, which is one of the leading Central European property companies. The company established in 1991 is based in Luxembourg and has Euronext, Prague, Budapest and Warsaw Stock Exchange listings.

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