Interim Report as of 30 September 2013
Berlin, November 29, 2013

Improved operational performance anchored on property investment activities

Following ORCO Germany's deleverage through the successful capitalization of its bonds and the refinancing of the GSG portfolio in 2012, the Group focused its strategy on the value realization of the Berlin portfolio through improved operational performance and asset conversion into residential in the well regarded area of Kreuzberg (Berlin).

The Group further improved its operational performance in the first three quarters 2013. Year on year, the like for like rental revenue (i.e. excluding the effects of the asset sold in 2012) increased by 4.0% bringing the total to EUR 44.6 million including service charges to tenants (compared to EUR 42.9 million in Q3 2012).

The net average commercial rent[1] in Berlin rose to 5.25 EUR/sqm from 5.12 EUR/sqm last year. The commercial occupancy rate[1] of the Berlin rental portfolio increased from 82.0% end of 2012 to 84.9% end of September 2013.

Main assets contributing to the good results recorded in the first three quarters 2013 are located in the western parts of Berlin. Especially Kreuzberg assets performed very well and recorded an increase of net average commercial rents from 5.98 EUR/sqm at the end of 2012 to 6.33 EUR/sqm in Q3 2013, while the commercial occupancy rate increased from 90.4% to 97.0%, leaving only limited spaces for further lease outs.

Financial highlights

Improved operational performance of rental portfolio and reduction of interest expenses result in net profit of EUR 26.4 million.

Operating result

- For the 9 months period of 2013, the Group achieved a positive operating result of EUR 37.1 million compared to an operating loss of EUR 3.1 million for the same period of 2012.
- Total revenue decreased from EUR 48.6 million in Q3 2012 to EUR 44.6 million in Q3 2013 due to absence of EUR 5.6 million revenue generated by Sky Office, sold in 2012. This was partially compensated by improving occupancy in our Berlin renting portfolio complemented by higher net average rates having a positive impact of EUR 2.3 million.
- The market value of our investment properties held steady compared to June 2013, when a positive revaluation of EUR 15.8 million was reported, mainly thanks to a good operational performance documented on the Kreuzberg assets. No impairments were recognised in Q3 2013 while 2012 was impacted by impairment of Sky Office

[1] The net average rent and occupancy rate represent performance indicators for rental portfolio counting all the assets located in Berlin, while in previous quarters the indicators included GSG assets only.

resulting from an adjustment of the asset value to the estimated sales price (EUR 26.6 million).Previously initiated restructuring measures, better control of building maintenance costs and major refurbishment performed in 2012 led to declining operational expenses (EUR 22.9 million in Q3 2013 compared to EUR 26.6 million over the same period in 2012). Consultancy and other administration costs declined by EUR 0.5 million as a result of the successfully accomplished refinancing of the ORCO-GSG portfolio in December 2012 and respective non-recurring costs. The decrease is resulting also from the Sky Office disposal in 2012 (EUR 2.9 Million).

Financial result

- The interest expenses shrank significantly from EUR 19.5 million to EUR 9.5 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.
- Smart strategy for hedging of interest rate risk brought additional gain amounting to EUR 4.1 million in the other net financial result.
- In order to reflect longer than expected collection of receivables related to sale of Leipziger Platz higher credit and litigation risk margin have been integrated into the net present value inducing impairments of EUR 6.4 million.

ORCO Germany delivered a net profit of EUR 26.4 million over the 9 months 2013 compared to a net loss of EUR 24.6 million in the corresponding 2012 period.

Outlook

Management continues to examine development potentials on its existing assets whether empty land plots or buildings to be refurbished or converted. On an opportunistic basis, limited acquisitions of under-managed assets might be seized, specially in locations with a low supply of spaces and high demand recognized. In its continuous review of the development potential of the Berlin portfolio, the Group is beneath others actively planning the development of a building - “The Benjamin” - on a land plot located next its Gebauer Höfe asset.

It remains the key Management target to grow ORCO Germany's recurrent property investment income, which is the backbone of its business activities.

Furthermore Management believes in the attractiveness of its portfolio and the ability to increase rents especially in its western parts of the portfolio, while further driving up occupancy rates on the assets located in the eastern parts of its portfolio.

Over the next year ORCO Germany will also target to generate income from asset management to third parties thus leveraging its position as Berlin’s biggest commercial landlord.

The enhanced operational performance is intended to be subsequently backed by lower incurring administrative costs to operate the portfolio at an optimized level.

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 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.