
Interim Report as of 31 March 2013

Berlin, May 23, 2013

Improvement of portfolio performance and value enhancement through re-development

Economic and real estate environment:

While the Eurozone remains captured in a phase of recession, the expectations towards German economic growth are more optimistic with a targeted limited growth in the range of 0.3% - 0.7%. Increased domestic demand is expected to compensate weakening exports. In Berlin, 2013 economic growth is expected at 0.4% with a positive 2014 growth outlook around 1% (see the latest quarterly report "property times" issued by DTZ).

Over the first quarter of 2013 new office leases totaling 95.800 sqm were contracted in Berlin, below the average office lease outs of the past seven years by approximately 30%, fundamentally due to the lack of large lease which could not be counterbalanced by smaller or medium sized lease outs. Berlin's vacancy rate for office spaces YoY increased by 0.3% to a total of 7.9% or 1,427 million sqm. For the full year 2013 it is expected that total net take up will be around 450.000 sqm, far below the level recorded in 2012, with a stable vacancy rate.

The average net rent achieved for the quarter was at 11.50 EUR/sqm effectively 0.40 EUR/sqm below the Q.1 2012 net rent while the prime rents remained stable at 22.25 EUR/sqm.

ORCO Germany: Improved operational performance anchored on property investment activities

The group further improved its operational performance over the first quarter 2013 after having achieved deleveraging with the successful capitalization of its bond debt and having secured the refinancing of the ORCO-GSG portfolio in Berlin. The Company started the first asset conversion into residential in the well regarded area of Kreuzberg in Berlin.

Year on year the rental income of the ORCO-GSG's Berlin based portfolio increased by 5.6% to EUR 14.5 million including service charges to tenants (vs. EUR 13.7 million in Q1 2012), while the net average commercial rent increased significantly from EUR 5.18 per sqm by end of 2012 to EUR 5.26 per sqm like-for-like (i.e. excluding the effects of the asset sales) the rental income of ORCO-GSG increased by 6.4%.

Main contributors for the first quarter improvement were mainly located in the western parts of Berlin including two signed contracts for Geneststr. 5 in Berlin-Tempelhof comprising app. 2.335 sqm. The existing tenant Fraunhofer Institute for Reliability and Microintegration IZM expanded its space in Gustav-Meyer-Allee 25 in Berlin-Mitte by 2,820sqm. The occupancy asset Döbelner Straße 5-7,8 in Berlin-Hellersdorf has also been increased with two contracts of 660 sqm each. Kreuzberg assets performed very well, recording YoY an increase of net average commercial rents from 5.69 EUR/sqm to 5.97 EUR/sqm while the commercial occupancy rate increased from 87.6 % to 95.0 % only offering limited spaces for further lease outs. Amongst others, circa 755 sqm were leased in the asset Lobeckstraße 36 to the software developer Xailabs.

The five eastern modern assets Wolfener Straße, Plauener Straße, Pankstraße, Döbelner Straße and Wilhelm-von-Siemens-Straße were clustered in a new sub-brand "Econoparks" in order to highlight the advantages of flexible space and use combined with on-site value added services. Accordingly new marketing materials have been produced such as dedicated website (www.econoparks.de), information materials, signage, etc.

First quarter financial highlights:

Despite a slight decrease by EUR 0.7 million to EUR 6.2 million compared to March 2012 of the Operating Result, the EBITDA is increasing by EUR 0.2 million.

The main drivers of the YoY Operating Result and EBITDA evolution are:

- The decrease of the revenue by EUR 1.1 million to EUR 15.5 million, strongly impacted by the sale of Sky Office (EUR 1.7 Million of revenues in Q1 2012);
- The other operating incomes of EUR 0.3 million versus EUR 0.9 million YoY consisting mainly of one-off effects, like insurance repayments;
- The improvement of the other operating expenses decreasing from EUR 8.8 million to EUR 7.2 million mainly due to the sale of the Sky Office building that was contributing for EUR 1.0 million;
- The increase of impairments, amortisations and provisions to EUR 0.9 million compared to EUR 0.1 million as of March 2012. This significant increase results from the recognition of EUR 0.4 million of impairments on the GSG trade receivables and EUR 0.4 million of the provisions on the GSG rental activities;
- Salaries and social security costs remain stable at EUR 1.5 million.

ORCO Germany closed the 1st quarter 2013 with a positive Net Result of EUR 4.2 million compared to a positive Net Result of EUR 0.8 million in 2012.

The Net Result recorded in March 2013 was strongly impacted by:

- A slightly lower operating result of EUR 6.2 million compared to EUR 6.9 million in Q1 2012;
- A strong improvement of the financial result by EUR 4.8 million YoY to EUR -1.5 million, mainly driven by the lower interest expenses resulting from the successful refinancing of the ORCO-GSG portfolio at a lower interest rate, the repayment of Sky Office loan executed in 2012, and the bonds restructuring in May and September 2012;
- Income tax expenses of EUR 0.5 million versus income taxes gain of EUR 0.2 million as of March 2012.

Outlook

Management believes in the upside of its portfolio through increasing rents in its western parts of the portfolio and further driving up occupancy rates on the assets located in the east, while continuing to optimise management and administrative costs.

Management will continue to review development opportunities on existing assets through prelease either in order to keep or sell. Opportunistic acquisitions might be seized on a case by case study especially in coherent locations with existing portfolio and demand. It remains Management target to grow ORCO Germany's property investments business line in Berlin.

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.

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