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## PRESS RELEASE

Luxemburg, 30 January 2008

### **ORCO Germany S.A. becomes the biggest private owner of commercial real estate in Berlin**

**ORCO Germany S.A., a subsidiary of Orco Property Group, announces non-audited 2007 turnover results. The turnover increased in 2007 by 10.7% to € 81.6 Million compared to € 73.8 Million in 2006. This growth was driven mainly by higher contribution of rental income.**

#### **Rental Income**

Orco Germany's investment portfolio generated € 24.9 Million of rental income (compared to € 1.5 Million in 2006). GSG's contribution, consolidated over six months, was € 18 Million.

In 2007, Orco Germany's investment portfolio grew to a total of 925,000 sqm of leasable area, compared to 52 000 sqm in 2006. This significant increase was mainly due to the acquisition of GSG in Berlin, which had a portfolio of 825,000 sqm of commercial space.

Following this acquisition, the split between rental income from commercial holdings versus rental income from other holdings significantly changed: today, commercial properties represent 94% of Orco Germany's rental income (compared to 65% in 2006).

#### **Residential Development**

In 2007, the residential development turnover was € 56.7 Million and was entirely realized in Germany. In 2006, the turnover was € 72.3 Million, of which € 11 Million was realized by Viterra Czech Republic (sold to Orco Prague at year end 2006).

In 2007, 143 units were delivered and 43 forward purchase contracts were signed. The main contributors were Quarter West in Frankfurt (€ 24.1 Million), TaunusSide in Frankfurt (€ 7.8 Million) and Ottensen in Hamburg (€ 8.7 Million).

#### **Recent events**

**GSG (Berlin): a € 380 Million acquisition of 825,000 sqm with an immediate gross yield of 10%**

The major milestone of 2007 occurred in June with the € 380 Million acquisition of GSG, the former state-owned property company with an 825,000 sqm portfolio of commercial real estate.



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Thanks to the GSG acquisition, Orco Germany became the biggest private owner of commercial real estate in the city of Berlin. The portfolio was purchased for € 460 per sqm, or 25% of the replacement costs based on insurance estimates, generating an immediate gross acquisition yield of 10%. Since July, active asset management of the portfolio has successfully cut the vacancy rate by 2% (to 30%) and saved €1.3 Million in costs.

This transaction contributes to the strengthening of Orco Germany's investment business and offers further long-term growth value creation.

### **55% of 33,000 sqm Sky Office (Düsseldorf) pre-leased**

Recently, the law firm Lovells entered into a lease agreement for 9000 sqm in Düsseldorf's Sky Office building, a modern, first class business building offering a view of the Rhine River. Coupled with the lease already agreed to with the internationally renowned consultancy firm McKinsey & Company, Orco Germany has succeeded in leasing 55% of the building a year and a half before its delivery.

### **Pier Eins (Duisburg) sold 8% above IFRS value**

In December, the group sold the 'Pier Eins' office building in Duisburg for € 27 Million (€ 2,770 / sqm), or 8% above June IFRS value and 54% above HGB book value. The transaction showed a 5.9% yield and the capacity of the group to dispose of mature assets and realize capital gains. From a market point of view, this deal illustrated investors' appetites for well managed assets.

### **Listing on the Prime Standard**

In order to position itself as one of the leading listed property firms in Germany, the listing of the stock was transferred in November 2007 from the Open Market to the Prime Standard of Deutsche Börse.

### **€ 100 Million of bonds with warrants**

In May 2007, Orco Germany issued bonds with repayable subscription warrants worth € 100 Million. The funds were raised to finance further growth of the company.

### **Financing for € 750 Million secured**

Of the secured financing, which is hedged, € 634 Million has been drawn and a further € 112 Million has been contractually secured to finance ongoing development projects. The average cost of debt is 5.28%.

The main debt contracted concerns the GSG acquisition financed by a € 305 Million variable interest loan swapped against an interest fixed at 5.45 % (margin included) signed in July 2007.



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**Message from Jean-François OTT, President of the Board  
and Rainer BORMANN, CEO of Orco Germany**

2007 was a very successful and extremely important year for Orco Germany. The company was able to continue its path of growth in the third year since foundation to become number five in terms of market cap among all German listed property companies by the end of 2007. The company bought GSG for € 380 Million and generated the highest turnover of its history (€ 81.6 Million).

In these challenging financial times, our confidence remains high in the strong fundamentals of the German economy and in the Berlin real estate market. The German economy is in a healthy condition. DIW (German Economic Research Institute) is expecting a growth of 2.1% in 2007 and has predicted a stable outlook for 2008.

Orco Germany is a Berlin player. The city represents 84% of the value of group's portfolio and the company's pipeline is close to € 1 billion (estimated Gross Development Value). The portfolio consists of 65% of investment property and 35% of development.

The Berlin real estate market shows good prospects regarding the user markets situation. Given the limited new supply of high quality office space, the substantial demand for this space and consequent declining vacancy rates are creating more upward pressure on prime rents. Berlin is a prime location for high tech, modern service companies and the processing industry. The city is set to become the place for industrial specialising in intelligent products. The commercial landscape offers clear opportunities to newcomers who want to make contact with growth industries of the future. Some figures are self explanatory: Berlin-Brandenburg is home to 11 universities, 21 colleges and polytechnics, 250 research institutes and 160 biotech companies. Consequently, we think that the capital region's economy should take advantage of development, production and marketing of modern technologies.

In the upcoming six months, Orco Germany will focus on the ongoing restructuring and integration process of GSG in order to accelerate efficiency gains that will improve occupancy rates and net earnings.

The teams will also concentrate on the execution of major development projects by obtaining the permits, respecting sustainable requests and realizing active pre-rentals. Today, Orco Germany is developing four major projects: Sky Office in Düsseldorf, Cumberland, Leipziger Platz and Fehrbelliner in Berlin.

Finally, we will provide the market with a high level of transparency and communication regarding our strategy and results.

ORCO Germany is a property company that is listed in the Prime Standard on the Regulated Market at Frankfurt Stock Exchange. The company has been operating in Germany since 2004 and concentrates on residential and commercial property as well as on asset management and project development. ORCO currently has about 210 employees in Germany.

ORCO Projektentwicklung GmbH (former Viterra Development GmbH) is one of the leading project developers and investors in the commercial and residential property field in the core German markets of Berlin, Düsseldorf, Frankfurt, Hamburg and Munich.

ORCO Germany is a subsidiary of ORCO Property Group, which is one of the leading Central European property companies with a property portfolio of EUR 2.5 billion on 30.06.07. The company was established in 1991, is based in Luxembourg and has Euronext, Prague, Budapest and Warsaw Stock Exchange listings. It operates mainly in the Czech Republic, Hungary, Poland, Russia, Croatia, the Slovak Republic and Germany.



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