

# ORCO Property Group (OPG) Full Year 2012 Unaudited Financial Information

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## Key events: 2012 and post-closing key events

- EUR 678 Million OPG and Orco Germany (OG) debt reduction by issuing 91 Million new OPG shares at an average price of EUR 6.6 p.s. and EUR 73 Million of New OPG Notes nominal value. As a result of the conversion of OG bonds, the Group now directly or indirectly holds 98% of OG compared to 92% as of December 2011. Berlin GSG refinanced by a new loan of EUR 270 Million with a term of five years and an interest rate that is 2 percentage points lower than the initial loan. As of December 2012, the LTV of Berlin GSG portfolio stands at 58%.
- Sale of Sky Office in Düsseldorf for EUR 117 Million ensuring full repayment of GSG credit facility.
- Sale of Radio Free Europe Building in Prague for USD 94 Million.
- Initiation of Bubny master plan change by the positive vote of Prague City Assembly. A new valid master plan is expected by mid-2014. The Company now expects to close its JV transaction with Unibail Rodamco for the retail development in April of this year.
- Sale for EUR 10 Million immediately paid in cash of stakes in two Office Sub-funds of Endurance Real Estate.

## Full year unaudited financial highlights

- Gross Asset Value (GAV) at end 2012 stands at EUR 1.33 Billion (EUR 1.6 Billion end 2011). The decrease of EUR 271 Million is mainly driven by EUR 112 Million like-for-like decrease in assets' value notably on commercial projects (EUR-49 Million) and by EUR 246 Million of sales and disposals such as Radio Free Europe, Sky Office and residential developments. Portfolio investments amounted to EUR 46 Million.
- Loan To Value (LTV) decreased from 70% as of December 2011 to 54% as of December 2012 as a result of the successful restructuring of EUR 678 Million of bond liabilities. Before Bonds, LTV also decreased from 52% to 49%.
- As the major part restructured bond liabilities was exchanged for new shares, the Net Asset Value per share decreased from EUR 22.19 as of December 2011 down to EUR 4.89 as of December 2012.
- Short term financial loans drastically decreased from EUR 757 Million down to EUR 234 Million over 2012 while total debt decreased from EUR 1,159 Million down to EUR 744 Million as a consequence of the successful bond restructuring, the GSG partial repayment upon refinancing and the sale of Sky office.
- Revenue of EUR 260 Million in 2012 increased by 65% Y-o-Y mainly driven by the sale of Sky Office building (EUR 117 Million) in Dusseldorf partially compensated by the decrease of revenues from the sale of residential development. The Property Investments business revenue is increasing by EUR 1.9 Million despite the loss in revenue from the sales of assets compensated by the increase of the occupancy in Berlin and the Hospitality activity.
- The loss in fair value adjustments on investment properties and the impairments of development assets recognized in the P&L amount to EUR -54 Million over 2012. Impairments of EUR -44 Million mainly relate to Sky Office for EUR -24 Million, the hotel values for EUR -10 Million and the residential developments in Prague, Warsaw or Bratislava for EUR -10 Million. The EUR -9 Million loss in fair value is mainly due to the buildings on weak markets with low average occupancy which have seen their valuation go down (EUR -28 Million) and is not fully compensated by the valuation gains on the Berlin portfolio (EUR 18 Million).
- As a result, the operating result consists in a loss of EUR 28.8 Million compared to a profit of EUR 39.9 Million in 2011
- The adjusted EBITDA amounts to EUR 36.5 Million compared to EUR 30.3 Million in 2011. This continuous increase of Adjusted Ebitda, driven by ongoing profitability increase of our Investment Properties allows the Group to cover the interest cash expenses.



28 March 2013

Press release

- The interest expenses decrease from EUR 83 Million to EUR 67 Million, driven by bank interest expenses for EUR -11 Million and by the bonds expenses for EUR -4 Million. The decrease in interest expenses shall continue thanks to the EUR 6 Million of annual savings in interest expenses on GSG Berlin, and the sale of cash flow negative assets. The bonds interest expenses amounting to EUR 29 Million in 2012, mostly non cash, and should be limited to a maximum of EUR 12 Million in 2013 out of which EUR 3.2 should be paid cash.
- Financial results stand at EUR 4 Million (EUR -90 Million over 2012) including a one off positive gain of EUR 74 Million on the EUR 678 Million bond liabilities restructuring and partially compensated by impairments and valuation changes on financial assets like Endurance Fund and Fillion in Russia.
- The Net loss over 2012 amounts to EUR 40 Million compared to EUR 53 Million over 2011. The strong improvement of the adjusted Ebitda has been more than compensated by the increased loss on real estate value, impairments and provisions, despite the financial result on the restructuring of the bond liabilities.

## Outlook – Extract from the management message

Jean-François OTT, President and CEO of ORCO declares:

"2012 was a turning point in the recent history of our group. We have successfully completed the financial restructuring and deleveraging plan presented in our previous annual report. While the overall values have decreased, the performance of our assets, particularly the rental ones, has been improving alongside the global profitability of the Group.

We have a clear real estate strategy to create value through building and managing investment properties, using our investment and development expertise in the region. Our asset management performance in Berlin has allowed us to identify new opportunities, including taking third parties assets under management, conducting selective arbitrage, opportunistic acquisitions of properties with upside potential and the development of our large land bank in Berlin.

We have changed the focus of our Development division from a strategic independent business into a key value creation tool for our Property Investments divisions. We have started our investment program to extract the significant potential upside of our Berlin portfolio.

Our Adjusted EBITDA increased by almost 50% YoY to EUR 34 Million, driven by the continuous improvement of profitability of our property investment business line, and now covers paid interests. Improving the yields of our current investment properties, generating new income from our land bank, reducing overheads and interest expenses is the path towards our increased profitability.

Over 2013, the Group expects to achieve revenues between EUR 155 Million and EUR 165 Million. No revenues related to pre-sales on Zlota 44 are expected to be recognized in revenue before 2014."

**For a full version of the management message, please refer to the 2012 Management Report, chapter 1.**

## Unaudited documents will be available tonight :

<http://www.orcogroup.com/investors/financial-documentation/full-year-documents>:

- Full Year 2012 unaudited financial report
- Full Year 2012 unaudited management report

**Final Audited Financial Information will be made available over the coming days without any major expected differences.**

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