20th September 2011

Orco Germany - H1 2011

Interim financial reports

Orco Germany publishes the interim financial reports as at 30 June 2011 together with the limited review report issued by Deloitte. The financial information includes the following documents:

1. Management report
2. Declaration letter
3. Condensed consolidated interim financial information
4. Limited review report on the condensed consolidated interim financial information

ORCO GERMANY

First Half Year Results 2011

Interim Management Report

As of 30 June 2011

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1. Group overview

1.1. Business and Group structure

1.1.1. Description of business model

ORCO Germany S.A. (the "Company", and together with its subsidiaries, hereafter "the Group") is a real estate group founded in 2004 with a portfolio located in Germany and mainly in Berlin. It invests in, manages, develops and leases out commercial properties.

1.1.2. Group structure

ORCO Germany S.A. is a real estate company that has its registered seat in the Grand-Duchy of Luxembourg and that is listed on the Prime Standard of the Regulated Market of Frankfurt Stock Exchange. The ORCO Germany Group, which operates under the uniform registered trademark ORCO Germany, has been pursuing its activities in Germany since 2004.

ORCO Germany S.A. is a subsidiary of ORCO Property Group. Established in 1991, ORCO Property Group has its registered seat in the Grand-Duchy of Luxembourg and is listed on the NYSE Euronext Paris, Prague, Budapest and Warsaw stock exchanges. It operates primarily in the Czech Republic, Hungary, Poland, Russia, Croatia, the Slovak Republic and Germany.

ORCO Germany was listed on the Open Market of the Frankfurt Stock Exchange in 2006. It was transferred to the Prime Standard of the Frankfurt Stock Exchange on 13 November 2007.

1.1.3. Group strategy

End of 2008, ORCO Germany has started its transition from an expanding cash-requiring developer/investor active in most German regions into a Berlin focused positive cash flow-generating investor capable of seizing development opportunities. In 2009 the restructuring efforts initiated by the closing of branches were expanded to the headquarters and in 2010 to the core business of ORCO-GSG. End of 2010, the organisation restructuring of the Group has been completed with the vertical integration of the company both:

- with its main subsidiary GSG on key execution functions such as operational finance, leasing, property management etc.
- with its mother company ORCO Property Group for all corporate functions (finance, consolidation, legal, HR, etc.) and top management. With the departure of Rainer Bormann and most of the Group top management, the top management of ORCO Germany is now located in Paris.

Going forward, the Group will focus on asset managing its commercial investments with a geographic focus on Berlin where it enjoys a strong positioning. Additional services to tenants like the high-speed network and IT services "Hofnetz" have been fostered[1], thus producing additional income. Non-core assets were disposed of and opportunities, mainly in our key business park segment, may now be seized based upon a case by case decision.

[1] by 30 June 2011 already more than 1000 tenants were using the possibilities the new "Hofnetz" is offering

1.2. Business segments

Property Investment

Property Investment (previously named Asset Management) is the core segment of ORCO Germany and comprises investments in commercial properties, in particular through acquisition and asset management of rental properties and property portfolios. As part of its core segment, ORCO Germany is focused on the long-term value creation and generation of cash-flows of these properties.

The investment portfolio comprises 854,000 sqm of lettable area.

With the acquisition of GSG in 2007, ORCO Germany became one of the largest owners of commercial real estate in Berlin. ORCO-GSG is the backbone of ORCO Germany's investment activities with around 815,000 sqm of total lettable area. ORCO Germany's total lettable area for commercial tenants amounts to 835,000 sqm. Other properties besides Gebauer Höfe, include smaller properties like Kurfürstendamm 102 or Brunnenstraße 156 in Berlin.

Development

The segment Development comprises development of predominant commercial projects. This includes property acquisition, planning and obtaining building rights, project implementation and sale/rental of the realised projects to investors and tenants.

Development activities have mainly been concentrated on the markets of Berlin and North Rhine-Westphalia.

Following ORCO Germany's decision to focus on Property Investment, the Development business line has been progressively ran-down as projects were completed and no new projects started.

The development segment is composed of the premium asset Sky Office in Düsseldorf and includes Hochwald in Kleinmachnow near Berlin.

2. Relevant real estate market environment

Berlin[2]

Economy

In its current survey "KMU-Report 2011", dated 13 July 2011, Investitionsbank Berlin (IBB) reported, that 55.4% of the 1.100 surveyed small and medium sized firms, the heart of the clientele of GSG, rate their business situation as "good" or "very good" compared to the last year where only 33.7 % expressed the situation as positive. 50.1% of the companies were able to expand their turnover, whereas this was stated by only 32.8% in the last year survey.

Also other indicators disclose Berlin's superior economic development: e.g. (i) for the years 2009 and 2010 combined Berlin showed the highest increase of GDP of all 16 German states and (ii) since 2006 the number on new jobs increases in Berlin faster than on the German average.

Office Market

Take-up in the office-market area of Berlin in the first half year was 276.000 sqm, which resulted in an increase of 36% compared to the respective previous year's figure. Year-on-year the vacant office space decreased from around 1.4 million sqm at the mid 2010 point to just 1.3 million sqm in the middle of this year. Hence the vacancy rate declined from 7.5% to 6.9%. The achievable prime rent in Berlin returned from 20.20 €/sqm last year to its pre-crisis level of €22.00 per sqm/month in 2011.

In view of the stable and broadly based nature of demand, it's expected to see an improvement of occupancy for the year as a whole, one more or less on a par with last year's total. Accordingly the fall in vacancy will continue, although at a slightly more restrained pace.

ORCO Germany believes in the short, mid and long term attractiveness of Berlin in particular once the key infrastructural project, the new international airport in Schönefeld will start operating in 2012.

[2] Data for the Economy part taken from the "KMU-Report 2011" published by Investitionsbank Berlin and from press releases published on 13 July 2011 by "Amt für Statistik Berlin- Brandenburg"
Data for the relevant real estate sector taken from the city report of Berlin published by BNP Paribas Real Estate (http://www.realestate.bnpparibas.de)

Dusseldorf[3]

Economy

The ifo business climate index for the commercial economy of North Rhine-Westphalia has worsened, even if only slightly, again in June. Although the index declined from 25.1 points from February 2011 to 19.5 points at the end of June it grew by 14.8 points compared to the previous year's figure. In July 2011 the index further declined by 4.1 points to 15.3 points.

While the current state of business was evaluated noticeably better as in May, the confidence regarding the future development declined for the fourth time in a row.

Office Market

In Germany, the investment market registered one of the stronger second quarters since 2007 with an amount of € 5.6 billion of transactions. In Düsseldorf, office market fundamentals are persistently strong with a take up expected to reach 350,000 sqm in 2011 according to CBRE, a figure 10% above the ten year average of 319,000 sqm. Prime office rents remain at a level of € 23.00/sqm/month and prime yield are at 5.1%, a 10 bps decrease y-o-y.

For ORCO Germany contracting the sale of Sky Office by year-end remains a key objective to achieve, an international broker has been appointed during H1 2011.

[3] Data for the Economy part taken from the NRW.Bank.ifo-Geschäftsklima Report published by NRW.Bank
Data for the relevant real estate sector taken from the MarketView on the office market Düsseldorf published by CB Richard Ellis for the first half year 2011

3. Group earnings performance

3.1 The Stock of ORCO Germany S.A. on 30 June 2011

ISIN	LU0251710041
Market Cap	[50,136,930 EUR] (30 June 2011)
Segment	Prime Standard
Number of shares	48,771,333
Stock Exchange	Frankfurt Stock Exchange
Free float	8.1%

3.2. Key figures

	June 2011	June 2010	change (in k €)
Revenues (in k €)	31 921	99 305	-67 384
Operating Result (in k €)	31 401	40 481	-9 080
Net Profit (in k €)	15 266	8 341	6 925
Adjusted EBITDA (in k €)	12 892	19 902	-7 010

	30 June 2011	31 December 2010
Total Assets (in k €)	786 247	867 407
Equity (in k €)	63 656	49 910
Liabilities (in k €)	722 591	817 497

3.3. Overview of major events in the first half year 2011

ORCO Germany's first half year 2011 ended with a consolidated profit attributable to the Group of €15.2 million (€8.3 million for the first half year 2010). The diluted earnings per share moved from €0.17 (first half year 2010) to €0.32 (first half year 2011). The main drivers of the positive result consisted of gains on disposal of assets resulting from the sale of the land plot Leipziger Platz, lower employee benefits, savings achieved on other operating expenses due to the ongoing optimization of cost structures and lower interest expenses reflecting the volume of asset sales conducted in 2010 and 2011.

In 2011 no development sales were realized whereas in 2010 the Healthcare portfolio and H2 Office were disposed of leading to total revenues of €71.0 million. Hence total revenues decreased by 67.9% to end up at €31.9 million.

The adjusted EBITDA (Net gain or loss on fair value adjustments – Amortisation, impairments and provisions – Correction of costs of goods sold being the reversal of past non cash valuation adjustments and impairments – Net gain or loss on the sale of abandoned developments included in inventories – Net gain or loss on disposal of assets or subsidiaries) decreased by 35.2% in comparison to the first six months 2010 to end up at €12.9 million. The better performing property investment segment (+€ 2.9 million adjusted EBITDA YoY) could not compensate losses in shrinking development sales (€-9.9 million adjusted EBITDA YoY).

Net gains achieved on the disposal of assets (€12.3 million) were decisive for the positive result realized in the first half year 2011. The main part (€11.9 million) originated from the February 2011 sale of the plot of land on Leipziger Platz in the centre of Berlin with more than 22.000 sqm. Additional net gains (€0.4 million) were mainly brought forward by the sale of Invalidenstraße 112 in Berlin contracted on 28 April 2011.

As at 30 June 2011 management estimated that the portfolio values stayed almost in line with the values elevated by DTZ at the year end 2010. In the first half year 2011 revaluation gains added up to €0.3 million in comparison to revaluation gains of €23.8 million accounted for in the first half year 2010.

Mainly on account of lower valuation gains the operating result (EBIT) in comparison to the first half year 2010 decreased by €9.1 million to €31.4 million.

In the first half year 2011 sales were conducted totalling €119.1 million mainly non cash producing assets and €96.9 million in 2010. In the further rundown of 2011 it is intended to contract the sale of Sky Office in Düsseldorf. The company will continue its selected disposal program of remaining non-core assets like Hakeburg, Hüttenstraße and Kurfürstenstrasse.

In order to build a sustainable free cash flow producing business, the initiated reorganisation efforts, cost cuttings and savings of headquarter costs reflected a significant drop of 9.4% in operating expenses from €17.5 million in 2010 to €15.9 million in 2011.

Over H1 2011, the restructuration of the management of Orco Germany have been pursued. The appointment of Jean-François Ott and Nicolas Tommasini as CEO and deputy CEO of Orco Germany S.A. as of November 2010 and the departure of the former CEO, Rainer Bormann was followed by a significant renewal of the operations' management team. Oliver Schlink, new CFO, coming from Deutsche Annington and Sebastian Blecke new COO coming from Sirius bring their long term experience to Orco Germany together with 3 new asset managers appointed in order to improve the operational performance of the Group's portfolio.

3.4. Turnover

The total turnover for the first half year 2011 amounted to €31.9 million compared to €99.3 million recognized for the corresponding period in 2010. Rents generated on the GSG portfolio represented the main part of rental revenues (91.6%). Despite some major move outs recognized in the first quarter, GSG could compensate and slightly improve rental revenues.

REVENUES (in k €)			
	June 2011	June 2010	% change
Commercial Investment Properties	27 712	31 971	-13,3%
therof total GSG	25 562	25 479	0,3%
therof rental income GSG	*21 558*	*21 139*	*2,0%*
Development	4 209	67 334	-93,7%
TOTAL	**31 921**	**99 305**	**-67,9%**

3.4.1. Property Investment Segment

ORCO Germany's leasing income decreased from €32.0 million in the first half year of 2010 to €27.7 million in the first half year 2011 due to sales of non strategic asset conducted in 2010/2011.

ORCO-GSG's Berlin business parks revenues increased YoY by 0.3% to €25.6 million including service charges to tenants (vs. €25.5 million in June/2010). Therein the rental income of GSG increased by 2.0%. According to the strategy to dispose of non cash-generating assets GSG represents now 92.2 % of total revenues (79.7% in 2010)

The increase of the average commercial rental income per sqm of 1.6% (from €4.82 in June 2010 to €4.9 in June 2011) essentially contributed to compensate effects recognized on major move outs in the first quarter 2011. The occupancy rate (77.1%) could nearly be stabilized at the pre-year level (77.2%) with a net take-up in the first six month 2011 of -641 sqm (-0.1%).

The total net take-up since take-over in July 2007 increased to 54,418 sqm leading to an increase in occupancy rate from 70.4% to 77.1%.

In the first half year 2011, the region North-Northwest proved top concerning net-take up with almost 2,051 sqm (commercial and storage).

Three out of five top performers were located in the region North-Northwest. Top performer in the first half year 2011 was the asset Gustav-Meyer-Allee 25 in Berlin-Mitte with a net-take up of 4,095 sqm backed by existing tenants expanding their spaces. In here a manufacturer of surface analysis components and systems, rented additional 1,865 sqm. The occupancy rate thus increased from 90% (end of 2010) to 93.7% by the end of the first half year 2011.

Second best performing asset was Reuchlinstraße 10-11, also in Berlin-Mitte with a net-take up of 1,330 sqm. Here an existing tenant, a global developer of innovative, highly efficient automation solutions, expanded his space with additional 2,157 sqm and could compensate losses recognized on terminated contracts. The occupancy rate slightly increased from 88.0% up to 90.7%.

Third best performing asset was Reichenberger Straße in Berlin-Kreuzberg with a net-take up of 785 sqm. Here a company specialized in digital canvas prints rented app. 307 sqm and app. 212 sqm were leased to architects. The occupancy rate increased from 72.6% up to 77.5%.

The asset Schwedenstraße in Berlin-Mitte ended up with a net-take up of app. 647 sqm thanks to an existing tenant specialized in telecommunication and security systems with additional contracted 760 sqm. The occupancy rate thus increased more than 3% up to 74.9%.

In the region East with a net-take up of 593 sqm the asset Döbelner Straße 1-5,7 proved to be best performer, a pharmacy company rented almost 260 sqm and an online platform for electronic devices rented almost 310 sqm. The occupancy rate increased from 63.1% up to 66.0% which constituted in the highest occupancy rate achieved since the take-over of GSG.

The overall net-take up will further benefit from already signed contracts in the first half year 2011 becoming effective in the second half of 2011:

In the region North-Northwest, on the asset Schwedenstraße in Berlin-Mitte two large contracts could be signed. The first contract with app. 1,530 sqm was signed with the university of applied sciences. The second large contract signed comprised app. 613 sqm for a beauty company developing and marketing high quality products.

In the region East, on the asset Pankstraße a new contract with app 2,385 sqm was signed with an approved institution for handicapped people offering a large range of services.

	2011			2010				2009			2008	2007
	30.06	31.03.	31.12.	30.09.	30.06.	31.03.	31.12.	30.09.	30.06.	31.03.	31.12.	Takeover 30.06.
Net commercial rents (€/sqm)	4,90	4,89	4,86	4,85	4,82	4,82	4,80	4,78	4,76	4,72	4,66	4,49
Total occupancy	77,1%	76,3%	77,2%	77,2%	77,1%	76,8%	76,2%	75,6%	75,1%	75,0%	74,6%	70,5%

3.4.2. Development Segment

Revenues declined in line with strategy and only represented 13.2% of total revenues

The development revenues amounted to €4.2 million in the first six months of 2011 in comparison to €67.3 million in the respective period of 2010.

As at 30 June 2011 the development portfolio primarily included the project Sky Office in Düsseldorf, where letting activities were fostered accompanied by the finalization of interior works for leased out spaces. The occupancy rate of 72% was accompanied by a gross rental income of €3.5 million.

The Group intends to contract the disposal of the premium development Sky Office by year-end 2011 as soon as the occupancy of the building is further increased.

3.5. Net result from Fair value adjustments on investment properties

In the first half year 2011 the internal valuation processed showed fair values at the level of the year-end 2010 values elevated by DTZ.

The fair value adjustments amounted to €0.3 million versus €23.8 million (in H1 2010). The fair value on the ORCO-GSG property Wupperstraße 9 in Berlin Steglitz was reduced by €0.6 million. In the light of the contracted disposal on the asset Brunnenstraße 156 the fair value was increased by €0.3 million. On the asset Kurfürstendamm 102 a fair value profit of €0.6 million was recognized.

3.6. Adjusted EBITDA

In the first half year 2011 the adjusted EBITDA was €12.9 million, down 33.1% from €19.9 million in the first half year 2010 driven especially by decreased development revenues (YoY -€63.1 million).

The two business lines of ORCO Germany contributed as follows:

- The adjusted EBITDA of the property investment segment, mainly consisting of ORCO-GSG, increased by 25.4% to €14.3 million compared to €11.4 million (H1/2010). The reduction of operating expenses (YoY €7.9 million) resulting from the restructuring measures taken overcompensated the loss in revenues effected by the sale of non-strategic investment assets (YoY €-4.3 million).

- The adjusted EBITDA of the development segment declined to €-1.4 million compared to €8.5 million (H1/2010). Sky Office (€3.5 million) represented the main part of the revenues (€4.2 million) respectively the adjusted EBITDA, whereas revenues and adjusted EBITDA in 2010 were characterized by the sale of the major part of ORCO Germany's development portfolio.

3.7. Amortization, impairments and provisions

In the first half year 2011 amortization, impairments and provisions positively impacted the P&L by +€5.8 million in comparison to negative effects of €-1.3 million recorded in the corresponding period 2010.

In 2011 cancellations of provisions for the neighbourhood agreement on Leipziger Platz (+€4.5 million), other risks referring to previous years (+€1.0 million) and releases of provisions dedicated to guarantee items on developed residential units (+€0.8 million) were partly compensated by the recognition of impairments on trade receivables (€-0.6 million).

3.8. Net gain/loss on disposal of assets

In the first six months 2011 gains on disposal of assets amounted to €12.3 million versus -€0.2 million in 2010.

On 1 February 2011, ORCO Immobilien GmbH, a subsidiary of ORCO Germany S.A., closed the sale of ORCO Leipziger Platz GmbH, holding the Wertheim project on Leipziger Platz in Berlin. The total purchase price for this sales transaction amounted to €113.5 million, positively impacting the P&L by €11.5 million. Based upon the signed sales contract additional €30 million as part of the agreed total purchase price, are expected to inflow after the finalization of the project.

In line with the strategy to dispose of non strategic assets Invalidenstraße 112 was sold for €5.6 million on 28 April 2011 and transferred on 07 June 2011 exceeding the net book value (€5.2 million) by €0.4 million.

3.9. Operating result improving

The first half 2011 closed with a positive operating result of €31.4 million vs. €40.5 million in June 2010.

The cumulated operating result was essentially composed of:

- Fair value gains amounting to €0.3 million versus fair value gains realized of €23.8 million (H1 2010).
- Other operating income of €0.3 million versus €2.0 million (H1 2010) consisting primarily of write-offs of liabilities for previous years.
- Gains on disposal of assets amounted to €12.3 million versus -€0.2 million in 2010.
- Impairments, amortisation and provisions amounted to €5.8 million in comparison to €-1.3 million in June 2010.
- As a result of the initiated restructuring plan salaries and social security costs decreased from €5.0 million (H1 2010) to €3.4 million (H1 2011). The first half year of 2010 was influenced by a provision of €0.8 million for employee related restructuring measures. Excluding this special effect net savings of €0.8 million or 19.0% reflected the effective staff reduction achieved.
- Other operating expenses of €15.9 million vs. €17.5 million for June 2010, which mainly comprised:
  - Maintenance expenses increased by €1.4 million compared to June 2010 on account of 2010 initiated projects which were finalised in the first quarter 2011. The maintenance expenses for the full year are expected to be in line with previous year.
  - Costs for leases and rents could be significantly reduced by €0.6 million to €0.2 million on account of branch closures, showing their full impact.
  - Cost for utilities supplies decreased by €1.2 million to €6.8 million in the first six month of 2011 which was primarily caused on the one hand by the discontinuation of supplies for sold assets in 2010 on the other hand by a spin-off of the service company TSM GmbH (€0.3 million).
  - Consultancy costs decreased significantly in the first half year 2011 by €0.5 million to €2.5 million. Costs for consultancies in the first half year 2010 were mainly determined by corporate consultants accompanying the restructuring process (€0.7 million).

- Taxes other than income taxes dropped from €2.1 in 2010 by €0.7 million to €1.4 million. Ground taxes (€1.3 million) representing the main part, were reduced through asset sales conducted in 2010. Furthermore first half year 2010 results were influenced by a VAT payment for 2008 amounting to €0.1 million.

k €	June 2011	June 2010	Variance
Leases and rents	-237	-882	645
Building Maintenance	-2.408	-1.005	-1.404
Communication and IT Maintenance	-236	-389	152
Utilities Supplies	-6.797	-8.047	1.250
Commissions, fees, consultancy, audit	-2.466	-2.945	479
Insurance	-558	-541	-17
Cars expenses and car leases	-42	-46	4
Travel Expenses and representation costs	-93	-65	-28
Advertising and Marketing	-350	-178	-171
Administration Costs	-1.127	-1.131	4
Taxes other than income tax	-1.404	-2.136	732
Other operating expenses	-150	-149	-2
Total other operating Expenses	-15.868	-17.512	1.645

3.10. Financial result

The net financial result amounted to €-14.3 million compared to €-25.7 million in the first half year of 2010.

The financial result comprised interest expenses of €-16.6 million (versus €-21.6 million in June 2010), interest income of €1.4 million and other financial charges of €1.0 million.

The net interest expenses over the first half year 2011 amounted to €-16.6 million to be compared to a total adjusted EBITDA of €13.3 million. It is a management priority to achieve a full coverage of interest expenses by adjusted EBITDA once the initiated restructuring measures show their full impact. Further asset disposals (producing more interests than revenues) and cost reductions shall improve this key ratio.

Most of the loans of ORCO Germany were hedged in a phase of high interests. ORCO Germany is working on refinancing its current €300 million GSG loan, maturing in April 2012 as well as refinancing the corporate bond due in May 2012, which will support the target of interests being covered by the adjusted EBITDA.

The sale of assets in 2010 and in the first six month of 2011 and the corresponding redemption of loans led to a significant decline of €4.9 million in interest expenses compared to the pre-year figures.

Loan redemptions in 2010	amount (in million €)
Brunnenstraße 27	1,1
Cumberland (NL Berlin)	20,0
Danziger Straße 73-77	5,5
GSG	1,1
H²Office	24,2
Helberger (NL Frankfurt)	8,5
Kurfürstendamm 103-104	4,8
Lütticher Straße 49	0,9
Max-Planck-Str. 24	3,0
Wasserstraße 6a,7,8	7,0
Tschaikowskistr. 33, Rostock	6,9
Bernauer Str., Oranienburg	7,0
Neuenkirchener Str. 85, Gütersloh	7,6
Subtotal	**97,6**

Loan redemptions in 2011	
Leipziger Platz	66,0
Invalidenstraße 112	4,6
Subtotal	**70,6**
Total 2010 and H1/2011	**168,2**

The assets sold in the first half year 2011 (Leipziger Platz and Invalidenstraße 112) will lead to yearly reductions in interest expenses of approximately €4.1 million and support the goal of deleveraging.

Receivables (€30 million) based upon the signed sales contract for Leipziger Platz, due after finalization of the project, were booked at net present value.
The recurrent increase in net present value until maturing of the receivables led to a positive result in interest income of €0.5 million in the first six month 2011. Remaining interest incomes are mainly related to interest received on own repurchased bonds.

The other net financial results amounted to €1.0 million (vs. €-4.3 million in June 2010) and were mainly driven by:

- Financial charges of €-1.2million (vs. €-3.3 million in 2010) mainly linked to costs for the previous prolongation of the Sky Office loan (€-0.7 million) which originally matured on 30 June 2011, cost for the GSG Swap (€0.1 million) and provisions for consultants commissioned for refinancing the GSG Loan (€0.3 million).
- Gains on trading investments (€2.0 million) resulting mainly from the revaluation of embedded derivative on bonds €-5.6 million and the gains on revaluation of interest rate derivatives on ORCO-GSG €+6.4 million, on Gebauer Höfe (€+0.8 million) and other minor assets (€0.3 million). Interest swaps were accounted for at fair value and contracted to prevent fluctuations in interest rates.

In the first half year 2010 the cost of debt after hedging amounted to 4.89%. Excluding the bond, the cost of debt (after hedging) were 5.09%. Variable loans accounted for 82% of which 76% were hedged against interest rates changes through derivative instruments, i.e. cap, collar and swaps.

3.11. Income Taxes

Total income taxes amounting to €-1.9 million (€-6.5 million in 2010) were composed of current income taxes of €-0.2 million and deferred taxes of €-1.7 million.

Deferred taxes represent mainly the impact of revaluation differences between local GAAP and IFRS on tax calculation not leading to payments or reimbursements.

3.12. Net result

ORCO Germany closed the half year ended 30 June 2011 with a net gain of €15.3 million compared to a net gain of €8.3 million in the first half year 2010.

4. Selected Balance Sheet Key Performance Indicators

4.1. Net asset value

The method of net asset value calculation is based on portfolio valuation and gives the real estate approach of the net asset value (NAV).

The NAV as at 30 June 2011 amounted to €105.6 million versus €96.8 million as at 31 December 2010. Consequently the NAV per share amounted to €2.16 as at 30 June 2011 (versus €1.98 as at 30 June 2010).

Net Asset Value (in k €)	30 June 2011	31 December 2010
Equity attributable to owners of the Company	**63 597**	**49 877**
Fair value adjustments on investment portfolio	- 105	0
Fair value adjustments on hotels and own occupied buildings	559	554
Fair value adjustments on properties under development	0	0
Fair value adjustments on inventories	-1 059	0
Deferred taxes on revaluations	83 911	89 651
Goodwills	-43 285	-43 285
Own equity instruments	1 961	0
Net asset value	**105 578**	**96 797**
Net asset value per share	**2,16**	**1,98**
Existing shares	48 771 333	48 771 333

4.2. Cash, liabilities and Loan to Value (LTV)

4.2.1. Cash and cash equivalents

Cash and cash equivalents decreased by €2.6 million from €17.9 million at the year end 2010 to €15.3 million as at 30 June 2011. Main cash inflows in the first half year resulted from the sale of Leipziger Platz (€13 million) and the sale of Invalidenstraße 112 (€0.9 million). Major cash outflows originated from a repayment of related debt (€6.2 million) to ORCO Property Group, €3.9 million interests on the ORCO Germany Coupon and €1.5 million for the repurchase of own shares.

The €15.3 million was composed of €10.7 million available and restricted cash and €4.7 million blocked cash. The blocked cash amount constituted of guarantees and security deposits, which are expected to further decrease within the second half year 2011 and enhance available cash positions.

4.2.2. Liabilities

in EUR Million	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 30 June 2011	504,7	0,6	26,4	11,5	543,2
As at 31 December 2010	200,6	397,0	0,4	22,6	620,6

ORCO Germany's financial debt decreased by €77.4 million from €620.6 million as at 31 December 2010 to €543.2 million (current and non current) mainly driven by repayments of bank loans linked to the disposal of non-strategic assets. Especially sales conducted on Leipziger Platz: (€66.0 million), Invalidenstraße 112 (€4.7 million) and for recovering of covenants referring to the loan contract for Gebauer Höfe (€1.8 million) contributed to lower liabilities.

Non current financial debts (€38.6 million) comprised loans for Gebauer Höfe (€28.9 million) and ORCO Property Group (€11.5 million).

Current financial debts (€504.7million) included loans for GSG (€300.0 million), Hochwald (€0.8 million); Hakeburg (€1.3 million), Hüttenstraße (€4.3 million), Sky Office (€94.8 million) and the ORCO Germany Coupon (€95.6 million).

In accordance with the target to dispose of the assets Kurfürstendamm 102 (€5.4 million) and Brunnenstraße 156 (€2.0 million) these liabilities were classified as liabilities held for sale.

In comparison to 31 December 2010 mainly the GSG loan was transferred from current to non current liabilities due to the repayment prior to the contractual maturity on April 2012.

4.2.3. LTV

The loan to value ratio reached 78.7% as at 30 June 2011 and was 0.3 points below the LTV ratio of 79.0% at the end of December 2010. It is a management priority to continue reducing ORCO Germany´s LTV ratio over the coming quarters.

	June 2011 (k €)	December 2010 (k €)
Non current liabilities		
Financial debts	38 564	325 776
Current liabilities		
Financial debts	401 715	134 602
Liabilities held for sale	7 440	66 000
Current assets		
Current financial assets	-50	-30
Cash and cash equivalents	-15 307	-17 939
Net debt	**432 362**	**508 409**
Investment property	492 534	508 158
Own-occupied buildings	2 333	2 338
Financial assets at fair value through profit and loss	24 411	214
Inventories	144 340	142 276
Assets held for sale	9 890	112 674
Revaluation gains on projects and prop.	-605	554
Fair value of portfolio	**672 903**	**766 214**
Loan to value before bonds	**64,3%**	**66,4%**
Bonds	95 527	94 192
Accrued interests on bonds	1 365	2 328
Loan to value	**78,7%**	**79,0%**

5. Other reporting requirements

5.1. Subsequent closing events

After the balance sheet date the asset Kurfürstendamm 102 has been sold on 5 August 2011 for a sales price of €6.3 million.

Kurfürstendamm 102 and Brunnenstraße 156 will be transferred after the reporting period.

On 18 August 2011, ORCO Property Group and Funds advised by Morgan Stanley Real Estate Investing ("MSREI") have entered into an agreement regarding MSREI's investment in ORCO Property Group. Subject to regulatory and internal approvals and final closing, ORCO Property Group and MSREI have agreed that OPG will issue 3 Million ordinary shares in a private placement. The subscriptions of these shares will be paid by MSREI through contributions of its stakes in Orco Germany and Endurance Real Estate Fund. 2 Million OPG shares will be issued at EUR 9 per share against 14.1 Million Orco Germany shares at EUR 1.28 and 1 Million OPG shares will be issued at the same price for Endurance Real Estate Fund units with a 26% discount on the net asset value of EUR 12.2 Million.

Following the completion of the transaction, MSREI will become the largest shareholder of Orco with approximately 19.2% of issued shares. Orco will increase its stake in ORCO Germany to approximately 91.6% (after eliminating OG treasury shares) and in the two Sub-funds of Endurance Real Estate Fund as follows, 14.8 % in the Residential Sub-fund and 27 % in the Office I Sub-fund.

5.2 Transactions on treasury shares

On 15 March 2011, Viterra Baupartner GmbH, an indirect subsidiary of the Company, declared having acquired from Kraaft S.A. 1.900.000 shares of the Company or 3.89% of total voting rights, together with 1.150.000 warrants of the Company (potentially giving access to 2.36% of the Company).

5.3 Miscellaneous

5.3.1. Activities in the field of research and development

Not applicable

5.3.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk including price risk but also credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group financial performance. The Group uses financial instruments to mitigate certain risk exposures.

Risk management, being formalized, is carried out by the Group's Chief Financial Officer (CFO) and his team. As a result of the current restructuring, the policies are under review for approval by the Board of Directors. The Group's CFO identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board of Directors will provide principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

There were no material changes to the risks and opportunities reported in the 2010 annual report. As reported in the 2010 annual report, the going concern of the Group is depending on the successful implementation of its renegotiation of bank loans and bonds.

At the end of June 2011, short-term borrowings (<1 year) were very significant and amounted to €497.2 million.

On the mid-term run the main challenge will be the refinancing of the €100 million nominal corporate bond and the €300 million loan for GSG both maturing in mid 2012.

5.3.2.1 Market risk

Foreign exchange risk

The Group has no significant currency risk exposure, as the local and functional currency in almost all Group companies is the € currency.

Price risk

The Group is exposed to price risk from embedded derivatives on instruments issued. The derivative instruments are classified in the consolidated balance sheet under "Derivative instruments".

Other risks

The Group is also exposed to property price and property rentals risk but it does not pursue any speculative policy. Even though the Group's activities are focused on one geographical area – Germany - such activities are spread over several business lines (residences, offices, hotels) and different region.

5.3.2.2 Credit risk

The Group has no significant concentrations of credit risk. Rental contracts are made with customers with an appropriate credit history. Cash transactions are limited to high credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution. Credit risk is managed by local management and by Group management.

5.3.2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the inherent nature of its assets, the Group is subject to liquidity risk.

The liquidity risk is the risk that Orco Germany might encounter difficulties raising liquid funds to meet commitments as they fall due.

The Group management monitors the Groups liquidity risk on the basis of expected cash flows and by managing its development agenda and portfolio of investment properties.

5.3.2.4 Cash flow interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from floating rate financial debts. The Group mitigates some of its variable interest rates by entering into swap transactions.

5.4. Management / Board of Directors

Management of the Company

The Board of Directors of ORCO Germany S.A. held a meeting on 11 November 2010 in Paris and resolved to elect a new management of the Company.

The Board of Directors appointed Mr. Jean-Francois Ott as CEO of ORCO Germany S.A., Mr. Nicolas Tommasini as Deputy CEO and Mr. Brad Taylor as Director of Corporate and Legal Affairs of ORCO Germany S.A. The change of the top management was a consequence of management restructuring and departure of Rainer Bormann, former CEO, not renewing his contract.

Mr. Ott, Mr. Tommasini and Mr. Taylor are based in Paris. They form top management and the executive committee of the Company.

Board of Directors of the Company

As at 30 June 2011, the Board of Directors consisted of the following 5 members holding their assemblies in Paris:

- Ott&Co S.A., represented by Jean-Francois Ott
- Brad Taylor
- Christian Schede
- Ales Vobruba
- Nicolas Tommasini

On 15 April 2011 the annual general meeting of shareholders acknowledged the resignation of Ulf Pleschiutschnig and appointed Mr. Christian Schede as director of the Company with immediate effect for a term ending on the date of the annual general meeting of shareholders approving the Company's accounts for the financial year 2011.

5.5. Related Party Transactions

For details on major transactions with related parties please see note 15. in the condensed consolidated interim financial information as of 30 June 2011.

ORCO GERMANY

Declaration Letter
Interim Financial Reports
as at 30th June 2011

1.1 Persons responsible for the Interim Financial Reports

Ott&Co S.A., a société anonyme with registered office at 38, Parc d'Activités Capellen, L-8308 Capellen, registered with the Luxembourg trade and companies register under number B 46918, represented by its legal representative, Mr. Jean François Ott, with professional address at 25 rue Balzac, F-75406 Paris Cedex 08, managing director of Orco Germany;

Mr. Nicolas TOMMASINI, with professional address at 25 rue Balzac, F-75406 Paris Cedex 08, managing director of Orco Germany;

Tel: +33 (0) 1 40 67 67 05
Fax: +33 (0) 1 40 67 67 01
Email: jfott@orcogroup.com
ntommasini@orcogroup.com

Acting as managing directors of Orco Germany, société anonyme, with registered office at 42, rue de la Vallée, L-2661 Luxembourg, RCS Luxembourg B 102.254 (hereafter « Orco Germany »).

1.2 Directors' responsibilities statement by the person responsible for Interim Financial Reports

The directors confirm that, to the best of each person's knowledge:

The condensed consolidated interim financial information prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, gives a true and fair view of the assets, liabilities, financial position and profit of Orco Germany and its subsidiaries included in the consolidation taken as a whole, and the management report includes a fair review of the development and performance of the business and the position of Orco Germany and the subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors and signed on its behalf by OTT&Co S.A. represented by Mr. Jean-François OTT and Mr. Nicolas TOMMASINI.

Paris, 20th September 2011

Ott&Co S.A.
Represented by
Jean-François OTT
Managing Director
ORCO GERMANY

NICOLAS TOMMASINI
Managing Director
ORCO GERMANY

ORCO GERMANY S.A.

Condensed consolidated interim financial information

As at 30 June 2011 and for the six-month period ended

ORCO Germany S.A.'s Board of Directors has approved on 31 August 2011 the condensed consolidated interim financial information as at and for the period ended 30 June 2011. All the figures in this report are presented in thousands of Euros, except if explicitly stated otherwise.

I. Condensed consolidated interim income statement

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	Note	June 2011	June 2010
Revenue	**3**	**31,921**	**99,305**
Net gain /(loss) from fair value adjustments on investment property	5	340	23,829
Other operating income		254	2,030
Net result on disposal of assets	5	12,328	-196
Cost of goods sold	6	-38	-60,722
Employee benefits		-3,368	-4,967
Amortisation, impairments and provisions	6	5,832	-1,286
Other operating expenses		-15,868	-17,512
Operating result		**31,401**	**40,481**
Interest expenses		-16,622	-21,565
Interest income		1,387	183
Other net financial results	12	982	-4,279
Financial result		**-14,253**	**-25,661**
Profit/(loss) before income taxes		**17,148**	**14,820**
Income taxes	13	-1,882	-6,479
Net profit/(loss) for the period		**15,266**	**8,341**
Total profit/(loss) attributable to:			
non controlling interests		26	3
owners of the Company		**15,240**	**8,338**
Basic earnings in EUR par share	14	0.32	0.17
Diluted earnings in EUR per share	14	0.32	0.17

II. Condensed consolidated interim statement of comprehensive income/(loss)

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	Period ended 30 June	
	2011	2010
Profit /(Loss) for the period:	**15,266**	8,341
Other comprehensive income/(loss)		
Currency translation differences	0	-1
Total comprehensive income/(loss) for the period	**15,266**	8,340
Total comprehensive income/(loss) attributable to:		
- owners of the Company	15,240	8,337
- non controlling interests	26	3

III. Condensed consolidated interim balance sheet

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Assets	Note	30 June 2011	31 December 2010
NON-CURRENT ASSETS		**571,380**	**562,790**
Intangible assets	4	**50,514**	**50,528**
Investment property	5	**492,534**	**508,158**
Property, plant and equipment		**3,933**	**3,890**
Hotels and own-occupied buildings	7	2,333	2,338
Fixtures and fittings		1,490	1,552
Properties under development		110	0
Financial assets	10	**24,399**	**214**
Deferred tax assets		**0**	**0**
CURRENT ASSETS		**214,867**	**304,617**
Inventories	6	144,340	142,276
Trade receivables		22,455	11,120
Other current assets		22,825	20,578
Current financial assets		50	30
Cash and cash equivalents	9	15,307	17,939
Assets held for sale	8	9,890	112,674
TOTAL		**786,247**	**867,407**

Equity and liabilities		30 June 2011	31 December 2010
EQUITY		**63,656**	**49,910**
Equity attributable to owners of the Company		**63,597**	**49,877**
Non controlling interests		**59**	**33**
LIABILITIES		**722,591**	**817,497**
Non-current liabilities		**132,529**	**538,025**
Bonds	11.1	0	94,192
Financial debts	11.2	38,564	325,776
Provisions & other long term liabilities		10,928	10,394
Derivative instruments		0	19,323
Deferred tax liabilities		83,037	88,340
Current liabilities		**590,062**	**279,472**
Financial debts	11.3	497,241	134,602
Trade payables		2,130	2,629
Advance payments		20,583	17,590
Derivative instruments		36,112	18,668
Other current liabilities		26,556	39,983
Liabilities linked to assets held for sale	8	7,440	66,000
TOTAL		**786,247**	**867,407**

IV. Condensed consolidated interim statement of changes in equity

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	Share capital	Share premium	Treasury shares	Translation reserve	Other reserves	Equity attributable to owners of the Company	Non controlling interests	Equity
Balance at 31 December 2009	**60,964**	**123,658**		**5**	**-140,344**	**44,283**	**45**	**44,328**
loss for the period :								
Translation differences				-1		-1		-1
loss of the period					8,338	8,338	3	8,341
Total comprehensive income				-1	8,338	8,337	3	8,340
Balance at 30 June 2010	**60,964**	**123,658**		**4**	**-132,006**	**52,620**	**48**	**52,668**
Loss for the period :								
Translation differences				-1		-1		-1
Loss of the period					-2,742	-2,742	-15	-2,757
Total comprehensive income				-1	-2,742	-2,743	-15	-2,758
Balance at 31 December 2010	**60,964**	**123,658**		**3**	**-134,748**	**49,877**	**33**	**49,910**
Profit for the period :								
Translation differences				-3	3	0		0
Net result of the period					15,240	15,240	26	15,266
Total comprehensive income				-3	15,243	15,240	26	15,266
Own equity instruments			-1,520			-1,520		-1,520
Balance at 30 June 2011	**60,964**	**123,658**	**-1,520**	**0**	**-119,505**	**63,597**	**59**	**63,656**

V. Condensed consolidated interim cash flow statement

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	30 June 2011	30 June 2010
Operating result	**31,401**	**40,481**
Net (gain) /loss from fair value adjustments on investment property	-340	-23,829
Amortisation, impairments and provisions	-5,832	1,286
Net result on disposal of assets	-12,328	196
Adjusted operating profit	**12,901**	**18,134**
Financial result	10	-558
Income tax paid	-832	512
Financial result and income taxes paid	**-822**	**-46**
Changes in operating assets and liabilities	**-19,301**	**46,147**
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES	**-7,222**	**64,235**
Capital expenditures and tangible assets acquisitions	-107	-458
Proceeds from sale of real estate assets **	104,087	30,065
NET CASH FROM INVESTING ACTIVITIES	**103,980**	**29,607**
Movements of own shares	-1,520	0
Proceeds from borrowings	0	3,716
Repayments of borrowings	-79,005	-69,356
Net interest paid	-18,866	-23,514
NET CASH USED IN FINANCING ACTIVITIES	**-99,390**	**-89,154**
NET CHANGE IN CASH*	**-2,632**	**4,688**
Cash and cash equivalents at the beginning of the year	17,939	22,494
Exchange difference on cash and cash equivalents	0	1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	**15,307**	**27,183**

* Cash and cash equivalents are detailed in the note 9.

** These proceeds exclude any proceeds on developments classified as inventory and include as at June 2011 EUR 98.4 million that relate to current assets held for sale that had been reclassified from non-current tangible assets at the end of 2010 (see note 8).

Selected notes to the condensed consolidated interim financial information

1. General information

ORCO Germany S.A., société anonyme ("the Company") and its subsidiaries (together the "Group") is a real estate group with a major portfolio in Germany. It is principally involved in leasing out investment properties under operating leases as well as in asset management, in operating hotels and extended stay hotels and is also very active in the development of properties for its own portfolio or intended to be sold in the ordinary course of business.

The Company is a limited liability company incorporated for an unlimited term and registered in L-2661, Luxembourg. The address of its registered office is 42, rue de la Vallée.

The Company is listed on the Prime Standard of the Regulated Market of the Frankfurt Stock Exchange (ISIN LU0251710041; stock exchange symbol: O5G).

These condensed consolidated interim financial information have been approved for issue by the Board of Directors on 31 August 2011.

2. Summary of significant accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial information as at and for the half-year ended 30 June 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union.

They should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2010, which have been prepared in accordance with IFRS as adopted by the European Union.

In determining the appropriate basis of preparation of the condensed consolidated interim financial information, the Directors are required to make an assessment of the Group's ablity to continue as a going concern. In making such an assessment, the Directors have taken into account all available information at their disposal about the future, which is at least, but not limited to twelve months from June 30, 2011.

The Group's financial risks including fair value risk, cash flow risk, interest rate risk, price risk, credit risk and liquidity risk are assessed according to the note 2.5 of the condensed consolidated interim financial statements as at and for the period ended 30 June 2011.

The financial performance of the Group is naturally dependent upon the wider economic environment in which the Group operates. It should be noted that the real estate market in Berlin environment has generally Improved over the last 18 months.

When making its assessment of the Group's ability to continue as a going concern, the Board of Directors has identified the following material uncertainties that relate to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern:

- The Group is faced with liquidity issues that may put at risk the integrity and value of its portfolio, the management team is implementing a restructuring plan focused on cash generation, restoring of the global loan to value ratio at an affordable level. The actions include selling non-core businesses, renegotiation of existing bank loans and improving margins through a cost reduction programme (reduction of opex and capex). In order to build a sustainable free cash flow producing business the ambitious restructuring program was accelerated. Reorganisation, cost cutting and redundancies led to the closure of all branches outside of Berlin, to the savings of headquarter costs as well as to efficiency gains in our core business Orco-GSG. Would the measures taken not continue to be sufficiently effective, the Group might be faced with negative net cash flow.
- The amount of short term financing has significantly increased over the period mainly as a result of the approaching maturity of major loans and bonds. The Management is particularly focused on the challenging refinancing of both the GSG portfolio, with an existing loan of EUR 300 Million to be repaid in April 2012, and of Bonds issued by Orco Germany to be repaid in May 2012 for a nominal amount of EUR 100 Million, plus coupon of 4 Million and potentially a reimbursement premium of EUR 25 Million. The GSG portfolio bank financing does not benefit from any guarantee given by the Company. Negotiations are ongoing with different banks which might lead to putting in place up to three financing lines to refinance partly or wholly the existing EUR 300 million, dividing the GSG portfolio into up to three groups of coherent assets. The bond reimbursement / refinancing discussions include a potential equity issue either at the Company level or mother company Orco Property Group SA and/or a new bond issue either at the Company level or Orco Property Group.
- The credit line financing the Sky Office development is due by the end of December 2011. As this loan has been prolonged at various occasions over the last years, the management is confident in its capacity to either repay the loan upon sale of the asset or prolong the existing credit line.

The Board of Directors is in the opinion that the aforementioned material uncertainties are mitigated by the reasonability of the assumptions taken in the establishment of the business plan. As a result of the contemplated sale of non-core assets, the refinancing negotiations and the continuous reduction of operating expenses, the Board of Directors has concluded that there is a reasonable expectation that the Company can continue its operations in the foreseeable future and has, accordingly, formed a judgment that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

2.2 Accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010, except as described below.

(a) New and amended standards adopted by the Group

There is no new standard or amendment adopted by the Group for the first half year 2011.

(b) Standards, amendments and interpretations to existing standards effective in 2011:

- Revised IAS 24: Related Party Disclosures
- Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- Amendment to IAS 32: Classification of Rights Issues
- Improvement to IFRS :
    - Amendment to IFRS 3: Business Combinations
    - Amendment to IFRS 7: Financial Instruments – Disclosures
    - Amendment to IAS 34: Interim Financial Reporting
- IFRIC 14 : Prepayments of a Minimum Funding Requirement

These principles do not differ from IFRS standards as published by IASB insofar as their application, which is compulsory for business years starting 1 January 2011, and the following amendments and interpretations, should have no significant impact on Group accounts

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- IFRS 9, Financial Instruments, initially issued in November 2009 and revised in October 2010. This standard addresses classification and measurement of financial assets and liabilities and is very likely to affect the Group's accounting treatment on financial instruments. This standard is applicable starting 1 January 2013 but can also be early-adopted. However, it has not yet been endorsed by the European Union
- IFRS 10 : Consolidated Financial Statements
- IFRS 11 : Joint Arrangements
- IFRS 12 : Disclosure of Interests in Other Entities
- IFRS 13 : Fair Value Measurement
- IAS 27 : Separate Financial Statements
- IAS 28R : Investments in Associates and Joint Ventures
- Amendment to IAS 19 : Employee Benefits
- Amendment to IAS 1 : First-time Adoption of International Financial Reporting Standards
- Amendment to IFRS 7 : Enhancing Disclosures about Transfers of Financial Assets
- Amendment to IAS 12 : Deferred Tax: Recovery of Underlying Assets

Finally, the Group does not apply in advance the following revised amendments and standards that have been adopted by the European Union and for which compulsory application comes after January 1, 2011.

2.3 Seasonality

Given the seasonal nature of retail sales in the hotel and extended stay residence activities and given high correlation between the sales in the development segment and the number of units ready to be sold, as well as the volatile impact of the valuation of financial instruments and certain categories of lands and buildings at their market value, the results for the first six months cannot be extrapolated to the remainder of the year.

2.4 Significant accounting estimates and judgements

As of 30 June 2011, the Group performed internally a valuation review covering the integrality of its portfolio. For each asset, possible material change of assumptions in comparison with December 2010 appraisal have been researched including :

- change of local market environment factors such as recent transactions, yield and discount rate evolution, change in prime rents, take up and vacancy rates;
- Change of asset characteristics such as for rental properties, change of occupancy rate, rent per sqm, level of costs. Actual operating performance over the first half of 2011 has been compared with assumptions and forecasts underlying December 2010 values to point out possible deviations. Valuation of project under construction integrates the work progress with the decrease of the remaining development costs and adjustment of Gross Development Value. Valuation of inventories respect the independent appraiser methodology as of December 2010 taking into account price level of latest deals and the quality of the remaining units.

The review process concluded on the absence of material change of local market environment between December 2010 and June 2011, with the exception of the local currencies movements against the euro. Valuation of the portfolio as been impacted accordingly as of June 2011. Changes in fair values and impairments are further addressed in notes 5, 6 and 7.

The methodology and assumptions applied for the valuation of real estate assets and developments are consistent with the ones described in the annual consolidated financial statements as at December 31, 2010 :

	June 2011		December 2010	
Discount Rate	6,5%	9,6%	6,5%	9,6%
Exit Cap Rate	5,3%	8,3%	5,3%	8,3%

	Cap Rate		Discount Rate	
	Min	Max	Min	Max
German assets (excluding GSG)	5,3%	7,3%	6,5%	8,3%
GSG assets	6,5%	8,3%	7,0%	9,6%

2.5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group financial performance. The Group uses financial instruments to mitigate certain risk exposures.

Risk management, being formalized, is carried out by the Group's Chief Financial Officer (CFO) and his team. As a result of the current restructuring, the policies are under review for approval by the Board of Directors. The Group's CFO identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board of Directors will provide principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

2.5.1 Market risk

- Price risk

The Group is exposed to price risk from embedded derivatives on instruments issued by Orco Germany S.A. The derivative instruments are classified in the consolidated balance sheet under "Derivative instruments".

To manage its price risk arising from investments in equity securities and such embedded derivatives, the Group diversifies its portfolio or only enters these operations if they are linked to operational investments. No sensitivity analysis has been performed.

- Other risks

The Group is also exposed to property price and property rentals risk but it does not pursue any speculative policy.

2.5.2 Credit risk

The Group has no significant concentrations of credit risk. Rental contracts are made with customers with an appropriate credit history. Cash transactions are limited to high credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution. Credit risk is managed by local management and by Group management.

3. Segment reporting – business segments

The Investment Committee is the responsible body making decisions for all acquisitions and disposals of projects. The Investment Committee assesses the performance of the operating segments based on a measure of adjusted earnings before interests, tax, depreciation and amortisation ("adjusted EBITDA" as defined below).

Corporate expenses are allocated on the basis of the revenue realised by each activity.

Adjusted EBITDA is the recurring operational cash result calculated by deducting from the operating result non-cash and non-recurring elements (Net gain or loss on fair value adjustments – Amortisation, impairments and provisions – Correction of costs of goods sold being the reversal of previous years valuation adjustments and impairments – Net gain or loss on the sale of abandoned developments included in inventories – Net gain or loss on disposal of assets – Attribution of shares, stock options and warrants to executive management) and the net results on sale of subsidiaries.

The Group structure lies on two main activities to which the Investment Committee is allocating the Group investment capacity on the basis of the strategy defined by the Board of Directors. On the one hand, the Group is investing in land bank or assets for development and effectively developing them once the project presented is satisfactorily approved by the Investment Committee. Once the asset is developped it can be either sold to a third party or kept in the Group own portfolio for value accretion. On the other hand, the Group is actively managing its own or third parties real estate assets for operational profitability and value accretion. These two business lines are the segments by which the operations are analysed.

These two segments or business lines can be defined as following :

- Development business line covers all real estate assets under construction or designated as a future development in order to be sold to a third party or to be transferred to the Property Investment line once completed.
- Property Investment business line (formally called Asset Management) covers all real estate assets operated (as hotels and logistic parks) and rented out assets or that will be so without any major refurbishment.

As at 30 June 2011	Development	Asset Management	TOTAL
Revenue	4,208	27,712	31,920
Net gain /(loss) from fair value adjustments on investment property	0	340	340
Cost of goods sold	0	-38	-38
Amortisation, impairments and provisions	5,136	696	5,832
Other operating results	6,265	-12,918	-6,653
Operating result	**15,609**	**15,792**	**31,401**
Net gain /(loss) from fair value adjustments on investment property	0	-340	-340
Amortisation, impairments and provisions	-5,136	-696	-5,832
Net gain/(loss) on disposal of assets	-11,910	-418	-12,328
Adjusted EBITDA	**-1,438**	**14,338**	**12,900**
Net gain /(loss) from fair value adjustments on investment property	0	340	340
Amortisation, impairments and provisions	5,136	696	5,832
Net gain/(loss) on disposal of assets	11,910	418	12,328
Operating result	**15,609**	**15,792**	**31,401**
Financial result			-14,252
Profit before income tax			**17,148**

As at 30 June 2011			
Segment assets	**158,913**	**491,674**	**650,587**
Investment Properties	8,170	484,365	492,535
Property, plant and equipment	299	3,523	3,822
Inventories	144,244	95	144,339
Assets held for sale	6,200	3,690	9,890
Unallocated assets			135,661
Total assets			**786,247**
Segment liabilities	**5,429**	**2,011**	**7,440**
Liabilities linked to assets held for sale	5,429	2,011	7,440
Unallocated liabilities			778,807
Total liabilities			**786,247**
Cash flow elements			
Capital expenditure	133	157	290

As at 30 June 2010 (restated) *	Development	Property Investment	TOTAL
Revenue	67,334	31,971	99,305
Net gain /(loss) from fair value adjustments on investment property	-127	23,956	23,829
Cost of goods sold	-60,757	35	-60,722
Amortisation, impairments and provisions	5,344	-6,629	-1,285
Other operating results	149	-20,795	-20,646
Operating result	**11,943**	**28,538**	**40,481**
Net gain /(loss) from fair value adjustments on investment property	127	-23,956	-23,829
Amortisation, impairments and provisions	-5,344	6,629	1,285
Past valuation on goods sold	1,796	0	1,796
Net gain/(loss) on disposal of assets	0	196	196
Adjusted EBITDA	**8,522**	**11,407**	**19,929**
Net gain /(loss) from fair value adjustments on investment property	-127	23,956	23,829
Amortisation, impairments and provisions	5,344	-6,630	-1,286
Past valuation on goods sold	-1,796	0	-1,796
Net gain/(loss) on disposal of assets	0	-196	-196
Operating result	**11,943**	**28,537**	**40,480**
Financial result			-25,661
Profit before income tax			**14,819**

As at 31 December 2010 (restated) *			
Segment assets	**256,222**	**510,775**	**766,997**
Investment Properties	1,100	507,058	508,158
Property, plant and equipment	305	3,584	3,889
Inventories	142,142	133	142,275
Assets held for sale	112,674	0	112,674
Unallocated assets			100,411
Total assets			**867,407**
Segment liabilities	**66,000**	**0**	**66,000**
Liabilities linked to assets held for sale	66,000	0	66,000
Unallocated liabilities			801,407
Total liabilities			**867,407**
Cash flow elements			
Capital expenditure	444	22	466

* Restatement of comparative table : allocation of assets, liabilities and operating results to each segment has been finetuned on the basis of the real estate investment instead of the legal entity.

4. INTANGIBLE ASSETS

The intangible assets mainly include the goodwill recorded on the acquisition of GSG for EUR 43.3 million (EUR 43.3 million in 2010) and the GSG trademark for EUR 7.2 million (EUR 7.2 million in 2010). The goodwill impairment and trade mark test is based on the evolution of properties valuation as of 30 June 2011 and on projected increase of occupancy rate and price per sqm over the coming years. No impairment has been recognised in 2011 and 2010.

5. INVESTMENT PROPERTY

Even though the Group is controlling the majority of the voting rights, the operation and the strategy, the disposal of real estate assets located in entities where the Group does not hold 100% of the shares, needs the agreement of the partner.

51 investment properties with a fair value of EUR 492.5 million (EUR 497.6 million as at 31 December 2010) financed by bank loans in local special purpose entities are fully pledged for EUR 333.1 million of bank loans (EUR 348.0 million as at 31 December 2010).

Investment property	Freehold buildings	Land bank	TOTAL
Balance at 31 December 2009	**546,347**	**86,910**	**633,257**
Investments / acquisitions	368	7,799	8,167
Asset sales	-46,167	0	-46,167
Revaluation through income statement	5,576	19,985	25,561
Other transfers	14	-112,674	-112,660
Balance at 31 December 2010	**506,138**	**2,020**	**508,158**
Investments / acquisitions	106	0	106
Asset sales	-5,180	0	-5,180
Revaluation through income statement	340	0	340
Other transfers	-10,890	0	-10,890
Balance at 30 June 2011	**490,514**	**2,020**	**492,534**

- **In 2011**

A) Investments / Acquisitions

No significant investment and acquisition has been realized over the period.

B) Asset sales

During the period, the net book value ("NBV") of the assets sold amounts to EUR 5.2 million and is composed of the disposal of Invalidenstr. 112 / Chausseestr. 21 in Berlin at the sale price of EUR 5.6 million.

C) Revaluation through income statement

The total amount in the fair value of the assets amounts to EUR 0.3 million on Freehold buildings related to Ku-damm 102 (EUR 0.6 million) and Brunnenstrasse (EUR 0.3 million) compensated by a decrease on GSG (EUR 0.6 million).

D) Transfers

The transfer arises from the reclassification of Hochwald for EUR 1.0 million from Investment Property to Inventories after obtaining building permit and approval by the Investment Committee for completing a land development for resale of parcels and properties reclassified as Assets held for sales for which the sales contracts were signed before June 2011 with the handover and the delivery after June 2011 with Ku-damm 102 (EUR 6.2 million) and Brunnestrasse 156 (EUR 3.7 million).

	6 months to 30 June 2011 Revaluation	Fair value 30.06.11	12 months to 31 December 2010 2010 Revaluation	Fair value 31.12.10
Freehold Buildings	340	490,514	5,576	506,138
GSG	-550	445,100	5,393	445,598
Mixed retail & office	260	38,344	1,274	46,950
Office	630	0	-620	5,570
Residential	0	7,070	-471	8,020
Land bank	0	2,020	19,985	2,020
Mixed use development	0	0	20,725	0
Office development	0	1,100	-800	1,100
GSG	0	920	60	920
TOTAL	340	492,533	25,561	508,158

- **In 2010**

52 investment properties (EUR 497.6 million) financed by bank loans in local special purpose entities are fully pledged for EUR 348.0 million.

A) Investments / acquisitions

During the year, the Group has invested EUR 8.2 million in investment property representing mainly capitalisation on the Wertheim land plot in Berlin (EUR 7.6 million). No new bank loan has been made to finance these investments.

B) Asset sale

During the year, the net book value ("NBV") of the assets sold represents EUR 46.2 million, for a total sale price of EUR 46.8 million, out of which EUR 30.9 million have been used to repay the bank loan financing with a net gain compared to the December 2009 DTZ valuation amounting to EUR 0.6 million and composed mainly of the following disposals:

Freehold buildings:

- Sale of Cumberland Haus in Berlin (NBV of EUR 28.0 million) at the sale price of EUR 28.7 million.
- Sale of Kurfürstendamm 103-104 residential and commercial building in Berlin (NBV of EUR 8.2 million) at the sale price of EUR 8.0 million;
- Sale of Max-Planck strasse in Cologne (NBV of EUR 5.8 million) at the sale price of EUR 5.5 million;
- Sale of residential and commercial buildings in Berlin (NBV of EUR 4.1 million with Brunnenstrasse 27 at EUR 1.4 million, Geneststrasse 5-6 at EUR 1.7 million and Lütticher Strasse 49 at EUR 1.0 million) at the total sale price of EUR 4.5 million.

C) Revaluation through income statement

The total amount of increase in the fair value of the assets amounts to EUR 25.6 million (EUR 20.0 million on Land bank and EUR 5.6 million on Freehold buildings).

- In Freehold buildings:

The revaluation is mostly explained by the fair value increase of the projects of GewerbeSiedlungs-Gesellschaft mbH ("GSG") representing a total amount of EUR 5.6 million which includes many projects.

- In Land bank:

The fair value on the projects Wertheim increased by EUR 20.8 million and the project Elb Loft decreased by EUR -0.8 million.

D) Transfers

The land plots of Wertheim (EUR 112.7 million) in Germany have been transferred to assets held for sale

6. Inventories

	30 June 2011	31 December 2010
Opening Balance	**142 276**	**216 317**
Net impairments	0	2 569
Transfers	1 000	16
Translation differences	0	0
Development costs	1 102	383
Cost of goods sold	-38	-77 009
Closing Balance	**144 340**	**142 276**

Inventories properties are developed with the intention to resell.

- **As at 30 June 2011**

Development costs amounting to EUR 1.1 million have been capitalized mainly on Sky Office.

The transfer arises from the reclassification of Hochwald for EUR 1.0 million from Investment Property to Inventories after obtaining building permit and approval by the Investment Committee for completing a land development for resale of parcels.

2 projects in development (EUR 139.9 million) are pledged for a total amount of EUR 95.5 million.

- **In 2010**

Costs of good sold amounting to EUR 77.0 Million have been mainly registered for the following projects:

- H2 Office in Duisburg (EUR 29.0 million);
- Oranienburg (EUR 10.6 million),
- Guetersloh (EUR 10.4 million) ,
- Ministergarten (EUR 9.2 million);
- Tschaikowkistrasse (EUR 8.7 million);
- Danzigerstrasse (EUR 5.5 million).

The project in development Sky Office (EUR 137.8 million) is the main contributor in inventories and is pledged for an amount of EUR 94.8 million.

The impairment booked as at 31 December 2009, on Sky Office has been partially reversed for EUR 2.4 million.

7. Owner-occupied buildings

GROSS AMOUNT	
Balance as at 31 December 2009	**4,339**
Variation	0
Transfer and other movements	-15
Balance as at 31 December 2010	**4,324**
Variation	0
Balance as at 30 June 2011	**4,324**
AMORTISATION AND IMPAIRMENT	
Balance as at 31 December 2009	**-1,977**
Allowance	-9
Balance as at 31 December 2010	**-1,986**
Allowance	-5
Balance as at 30 June 2011	**-1,991**
NET AMOUNT as at 30 June 2011	**2,333**
Net amount as at 31 December 2010	**2,338**

The building of Franklinstrasse 27 (carrying value of EUR 2.3 million), partially own occupied, is pledged within the global GSG bank loans financing.

8. Assets held for sale and liabilities linked to assets held for sale

Assets held for sale	June 2011	December 2010
Opening Balance	**112,674**	**19,360**
Asset Sales	-112,674	-19,360
Transfers	9,890	112,674
Closing Balance	**9,890**	**112,674**

Liabilities linked to assets held for sale	June 2011	December 2010
Opening Balance	**66,000**	**15,474**
Repayments on sale	-66,000	-15,474
Accrued interests		4
Transfers	7,440	65,996
Closing Balance	**7,440**	**66,000**

- **In 2011**

As at 30 June 2011 the Group approved the sale of 2 assets from its Berlin investment properties portfolio: Kurfustendamm 102 with a value of EUR 6.2 million and EUR 5.4 million of liabilities and Brunnen Strasse with a value of EUR 3.7 million of assets and EUR 2 million of liabilities.

Over the first half a year 2011 Leipziger Platz plot of land with a value of EUR 113.5 million and EUR 66 million of bank loan have been repaid upon the sale of Leipziger Platz.

- **In 2010**

As at 31 December 2010, the Group decided to sell one asset: Wertheim (EUR 112.7 million) from its investment property portfolio (two assets in 2009). This asset has been transferred to held for sale. The bank debt on this asset amounts to EUR 66 million.

- Two assets located in Germany and previously recognized as held for sale as of 31 December 2009 have been sold during the year:
- The project Helberger in Frankfurt has been sold at its net book value (NBV of EUR 11.0 million for a debt of EUR 8.5 million);

- The project Wassertsr. in Dusseldorf has been sold for EUR 8.2 million (NBV of EUR 8.4 million for a debt of 7.0 million).

As at 31 December 2010, the sole project held for sale (EUR 112.7 million) is pledged for an amount of EUR 66.0 million.

9. Cash and cash equivalents

As at 30 June 2011 cash and cash equivalents decreased by EUR 2.6 million to EUR 15.3 million from EUR 17.9 million at the year end 2010.

Cash in bank include restricted cash amounting to EUR 4.5 million (EUR 6.9 million as at 31 December 2010), representing :

- cash deposited in the Group's joint ventures as both parties' approval is needed for withdrawal, for EUR 0.2 million (EUR 0.2 million as at 31 December 2010);
- cash deposited in escrow accounts pledged as collateral for loans related to the acquisition of property, for EUR 4.2 million (EUR 6.7 million as at 31 December 2010). The use of this cash is restricted to the operating costs in relation to these properties and costs relating to the service of the bank loans.

10. Financial assets

This balance sheet caption includes mainly the net present value of the deferred consideration on the sale of Leipziger Platz amounting to EUR 24.2 million.

11. Borrowings

At 30 June 2011, the long term Bank loans amortized cost of bank loans amounts to EUR 27.07 million (see note 11.2) and the current Bank loans amortized cost of bank loans amounts to EUR 409.1 million (see note 11.3) have together an estimated fair value of EUR 436.17 million.

11.1 Non-current bonds

Non Current bonds	Non Convertible bonds
Balance at 31 December 2010	**94,192**
Own bonds	-654
Interests	1,988
Transfer to short term	-95,526
Balance at 30 June 2011	**0**

As at June 2011, the fair value of the long term part and the short term part (see note 11.3) of the bonds issued by Orco Germany S.A. is etablished at EUR 108.9 million compared to EUR 101.5 million as at 31 December 2010. The increase is mainly driven by the change in net present value.

11.2 Non-current financial debts

Non-current financial debts	Bank loans	Other non-current borrowings	Fixed rates bonds	TOTAL
Balance at 31 December 2010	**308,209**	**17,567**	**94,192**	**419,968**
Issue of new loans and drawdowns	119	-308	-	-189
Interests accumulated during the year	-	-	1,335	1,335
Repayments of loans	-2,758	-6,272	-	-9,030
Transfers	-278,502	509	-95,527	-373,520
Balance at 30 June 2011	**27,068**	**11,496**	**0**	**38,564**

- **As at June 2011**

Repayment of loans (EUR 2.8 million) relate mainly to Gebauer Hofe (EUR 2.0 million) as extraordinary repayment and Apple Tree Investment for EUR 0.7 million.

During the first half year transfer of bank loans (EUR 278.5 million) are mainly due to loans coming due within 12 months after 30 June 2011 as GSG for EUR 300 million compensated by the resolution of covenants breaches leading to a transfer to long term debt as for Gebauer Hofe (EUR 28.9 million).

The other non-current borrowings (more than 5 years) represent mainly equity loan granted by the parent company OPG.

- **In 2010**

Repayment of bank loans (EUR -34.0 million) mainly relate to the following operations :

- Asset sales related to healthcare projects (EUR -27.9 million);
- Sale of the Brunnenstr. 27 (EUR -1.1 million);
- Ku-dammstr. 103 (EUR -4.7 million);
- Sale of part of the project Genestr. 5-6 (EUR -1.0 million).

Transfers of bank loans (EUR -1.5 million) are mainly due:

- to the reclassification of the bank loan of the project Hüttenstrasse (EUR -4.3 million) in current financial liabilities, for which there is a breach on loan covenants;
- to the reclassification in long term of the loan related to the project Invalidenstr. 112, for which the 2009 loan covenant breach has been settled in 2010 (EUR +2.9 million).

As at 31 December 2010, the total carrying value of loans in breach reclassified in current liabilities due to non respected covenants amounts to EUR 37.0 million (not included in the table above because reclassified in curent financial liabilities).

Other non current loans consist mainly of equity loans from the parent company (Orco Property Group) for EUR 17.6 million.

11.3 Current financial debts

As at 30 June 2011, the movements in current loans are the following:

Current financial debts	Bank loans	Other current borrowings	Fixed rates bonds	TOTAL
Balance at 31 December 2010	**200,590**	**12**	**0**	**200,602**
Issue of new loans and drawdowns	83	1,636	0	1,719
Repayments of loans	-69,971	0	0	-69,971
Transfers	278,434	-1,634	95,527	372,327
Balance at 30 June 2011	**409,136**	**18**	**95,527**	**504,681**

The total current financial debts includes the loans linked to assets held for sales for EUR 7.4 million (see note 8 assets held for sales) and the short term portion of bonds for EUR 95.5 million.

The repayment of bank loans (EUR 70.0 million) is mainly related to the sales of Leipziger Platz (EUR 66.0 million) as well as Invalidenstrasse (EUR 3.9 million) for the assets sales.

Transfers of bank loans (EUR 278.5 million) are mainly due to loans that have become due within the next 12 months after 30 June 2011 as GSG (EUR 300 million) compensated by the resolution of the breach of covenant related to the loan financing the Gebauer Hofe building (EUR 28.9 million).

As at 30 June 2011, the movements in current bonds are the following:

11.4 Borrowings maturity

- **In 2011**

At 30 June 2011	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current					
Financial debts	-	**647**	**26,420**	**11,497**	**38,564**
Bank loans	-	647	26,420	-	27,067
Bank loans fixed rate	-	-	-	-	-
Bank loans floating rate	-	647	26,420	-	27,067
Other non-current borrowings	-	-	-	11,497	11,497
Total	-	**647**	**26,420**	**11,497**	**38,564**
Current					
Bonds	**95,526**	**-**	**-**	**-**	**95,526**
Convertible bonds			-	-	-
Non Convertible	95,526		-	-	95,526
Financial debts	**401,716**	**-**	**-**	**-**	**401,716**
Bank loans	401,700	-	-	-	401,700
Bank loans fixed rate	-	-	-	-	-
Bank loans floating rate	401,700	-	-	-	401,700
Other borrowings	16	-	-	-	16
Liabilities linked to assets held for sale	**7,440**	**-**	**-**	**-**	**7,440**
Total	**504,682**	**-**	**-**	**-**	**504,681**
TOTAL	**504,682**	**647**	**26,420**	**11,497**	**543,245**

The other non-current borrowings (more than 5 years) represent mainly equity loan granted by the parent company OPG.

The Group has entered into interest rate derivatives representing 54% of the non-current floating rate borrowings (81% in 2010) and 50% of the current floating rate borrowings (22% in 2010), in order to limit the risk of the effects of fluctuations of market interest rates on its financial position and future cash flows. Most floating interest debt instruments have a fixing period of maximum 3 months.

Bank loans include amounts secured by a mortgage (together with a pledge on the shares of the special purpose vehicle where applicable) on properties with a value of EUR 0.405 billion (EUR 0.509 billion as at 31 December 2010).

Liabilities linked to assets held for sales shown under current liabilities represent the loans in respect of Ku-Damm 102, Brunnestrasse 156, which are classified as held for sale and accrued interests amounting to EUR 7.4 million.

- **In 2010**

December 2010	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current					
Fixed rate bonds	**-**	**94 192**	**-**	**-**	**94 192**
Financial debts	**-**	**302 840**	**366**	**22 570**	**325 776**
Bank loans floating rate	-	302 840	366	5 003	308 209
Other non-current borrowings	-	-	-	17 567	17 567
Total	**-**	**397 032**	**366**	**22 570**	**419 968**
Current					
Financial debts	**134 602**	**-**	**-**	**-**	**134 602**
Bank loans floating rate	134 587	-	-	-	134 587
Other borrowings	15	-	-	-	15
Liabilities linked to assets held for sale	**66 000**	**-**	**-**	**-**	**66 000**
Total	**200 602**	**-**	**-**	**-**	**200 602**
TOTAL	**200 602**	**397 032**	**366**	**22 570**	**620 570**

The other non-current borrowings (more than 5 years) represent mainly equity loan granted by the parent company OPG.

The Group has entered into interest rate derivatives representing 100% of the non-current floating rate borrowing amounts (74.2% in 2009) and 24.9% of the current floating rate borrowing amounts (73.4% in 2009), in order to limit the risk of the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Most floating interest debt instruments have a fixing period of maximum 3 months.

Bank loans include amounts secured by a mortgage on properties and/or a pledge on the shares of the companies benefiting from the loan to the value of EUR 508.8 million (EUR 596.0 million as at 31 December 2009). Orco Germany S.A. usually grants its guarantee in favour of the bank for each of the subsidiaries. The guarantees granted to financial institutions remain fully valid until complete reimbursement of credits. No partial waiver on pledge or mortgage has been scheduled.

The Group's borrowings are fully denominated in euro.

11.5 Loans with covenant breaches

	As at 30 June 2011			As at 31 December 2010		
	Principal	Accrued Interest	Total	Principal	Accrued Interest	Total
Long term loans presented in ST						
due to Financial covenant breach	-	-	-	32,730	-	**32,730**
due to Administrative breach	4,300	-	**4,300**	4,300	-	**4,300**
Total LT loans presented in ST	4,300	-	**4,300**	37,030	-	**37,030**
Short term loans in breach						
due to Non repayment	-	-	-	621	165	**786**
Total ST loans in breach	-	-	-	621	165	**786**
Total Loans in Breach	**4,300**	**-**	**4,300**	**37,651**	**165**	**37,816**

The movements in loans with covenants breaches are mainly explained by the resolution of the breach of covenant related to the loan financing the Gebauer Hofe building (EUR 28.9 million) and the sale of the project Invalidenstrasse for which the loan in breach of covenant amounted to EUR 3.9 million.

11.6 Undrawn bank credit facilities

	30 June 2011	31 December 2010
Expiring within one year	5 191	16 807
Expiring after one year	0	14 867
Total	5 191	31 674

The main undrawn credit facilities relate to the credit lines on Sky Office project for EUR 5.2 million (EUR 5.3 million as at 31 December 2010)

12. Other net financial results

	30 June 2011	30 June 2010
Change in fair value and realised result on derivative instruments	1,880	-2,314
Change in fair value and realised result on other financial assets	0	1
Other net finance gains/ (charges)	-898	-1,966
Gain / (loss) on other financial results	**982**	**(4,279)**

Over the first half of 2011 the change in the fair value of derivative instruments essentially relates to movements in fair value of derivative instruments linked to bonds issued by the Group and in fair value of other derivatives (IRS, options and forwards).

Other finance charges consist mainly of finance and legal fees relating to the financial restructuring, and bank charges.

13. Income Taxes

The income tax expense recognized in the income statement amounts to EUR 1.9 million of which EUR 1.7 million mainly as a result of the booking of revaluations booked on the GSG properties portfolio (EUR 3.2 million)

14. Earnings per share

	30 June 2011	30 June 2010
Shares issued at the beginning of the period	48,771,333	48,771,333
Weighted average of own shares	-1,319,444	
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**47,451,889**	**48,771,333**
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**47,451,889**	**48,771,333**
Net profit /(loss) attributable to Equity holders of the Company	**15,240**	**8,338**
Net profit /(loss) attributable to Equity holders of the Company after assumed conversions / exercises	**15,240**	**8,338**
Basic earnings in EUR per share	0.32	0.17
Diluted earnings in EUR per share	0.32	0.17

Basic earnings per share is calculated by dividing the profit/(loss) attributable to the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

15. Related party transactions

As at June 2011

- **Transactions with key management personnel**
  - Transactions with Orco Property Group S.A. (“OPG”)

The Company was granted an “equity loan” by OPG bearing interest at an annual fixed rate of 8% and a maturity date of 2020. This loan was reimbursed for EUR 6.1 Million and amounts to EUR 11.8 million as at 30 June 2011 (EUR 17.6 million in 2010). Net interest expenses related to this loan amounted to EUR 0.6 million as at 30 June 2011 (EUR 1.4 million as at December 2010).

- Transactions with key management personnel

The members of the Board of Directors of the Company, the CEO, the Group Chief Financial Officer, the general secretary of Orco Germany and the CEO of GSG are considered as the key management personnel of the Group.

Over the first half of 2011, key management personnel received a global remuneration as short term employee benefit amounting to EUR 1.0 million, including EUR 0.2 million of severance fees and EUR 0.5 million remuneration to board members, (EUR 0.7 million for the full year in 2010).

A subsidiary of ORCO Germany S.A. acquired from an entity closely associated to Rainer Bormann, a former ORCO Germany Board member, 1,150,000 ORCO Germany Warrants (ISIN XS0302626889) and 1,900,000 ORCO Germany ordinary shares (ISIN LU0251710041) for a total of EUR 1,520,000.

16. Events after balance sheet date

After the balance sheet date the sale contracts have been closed for Kurfürstendamm 102, Brunnenstraße 156 and Kurfurstenstrassen 13 & 14 for a total sale price of EUR 12.4 million. Transfer of ownership are taking place over the second half of 2011.

Deloitte.

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To the Shareholders of
Orco Germany, Société Anonyme
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REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Orco Germany, Société Anonyme ("Orco Germany", the "Company" or the "Group") as of June 30, 2011, and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flow statement for the 6 month period then ended and the other explanatory notes (collectively the "interim financial information"). The Board of Directors is responsible for the preparation and fair presentation of this interim financial information in accordance with in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union.

Société Anonyme
RCS Luxembourg B 67 895
Autorisation d'établissement n° 10 12 248

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Emphasis of Matter

We draw attention to note 2.1 to the condensed consolidated interim financial information, which describes the basis upon which the Board of Directors has determined that it is appropriate to prepare the interim financial statements on a going concern basis.

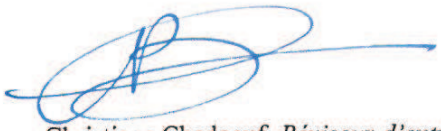
The Group is faced with liquidity issues that may put at risk the integrity and value of its portfolio. The Management is implementing a restructuring plan focused on cash generation and restoration of the global loan to value ratio to an affordable level. The Group's ability to continue as going concern is dependent upon the successful implementation of these measures.

As at June 30, 2011, the Group has substantial outstanding debt service obligations, and a significant amount of short term financing. The amount of short term financing has significantly increased over the period mainly as a result of the approaching maturity of major loans and bonds.
Material uncertainties persist on the refinancing of specific assets or activities and the management is particularly focused on the challenging refinancing of bank financing falling due in April 2012, and bond financing falling due in May 2012. Negotiations are ongoing for the refinancing of both lines. The Group's ability to continue as going concern is dependent upon the success of each of the negotiations in respect of the short term bank loans and the bonds.

These matters referred to above, along with the other matters and disclosures set forth in Note 2.1, indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern.

Our conclusion is not qualified with regard to this matter.

For Deloitte S.A., *Cabinet de révision agréé*



Christiane Chadoeuf, *Réviseur d'entreprises agréé*
Partner

September 20, 2011