ORCO GERMANY

Financial Report

Half Year 2012

ORCO GERMANY S.A.
Société Anonyme
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L-2661 Luxembourg
R.C.S. LUXEMBOURG B 102254
(the "**Company**")

DECLARATION LETTER
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATIONAS AT 30 JUNE 2012

1.1. Persons responsible for the condensed consolidated interim financial information

- OTT&Co S.A., acting as managing director of the Company, represented by Mr. Jean-Francois Ott, permanent representative, with professional address at 25 rue Balzac, F-75406 Paris Cedex 08, France, jfott@orcogroup.com;

- Mr. Nicolas Tommasini, acting as managing director of the Company, with professional address at 25 rue Balzac, F-75406 Paris Cedex 08, France, ntommasini@orcogroup.com.

1.2. Declaration by the persons responsible for the condensed consolidated interim financial information

We, OTT & Co S.A., represented by Mr. Jean-Francois Ott, and Mr. Nicolas Tommasini, declare that, to the best of our knowledge:
the condensed consolidated interim financial information of the Company as at 30 June 2012, prepared in accordance with International Accounting Standards 34 ("Interim Financial Reporting") as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit of the Company and its subsidiaries included in the consolidation taken as a whole and that the management report includes a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.
Approved by the Board of Directors and signed on its behalf by OTT&Co S.A., represented by Mr. Jean-Francois Ott Mr., and by M. Tommasini.

Paris, 30 August 2012

OTT&Co S.A., represented by
Mr. Jean-Francois Ott
Managing Director

Mr. Nicolas Tommasini
Managing Director

First Half Year Results 2012

Interim Report as of 30 June 2012

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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 uniformly 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, 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 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. The organisational restructuring of the Group has been completed in 2011 with the vertical integration of the company both:

- with its main subsidiary ORCO-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 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” are continuously expanded, thus producing additional income. Non-core assets not adhering any strategic importance will further be disposed of and opportunities, mainly in our key business park segment, will be seized based upon a case by case study.

1.2. Business segments

Property Investments

Property Investments (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 839,931 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 807,486 sqm of total lettable area. By the end of June 2012 ORCO Germany's total lettable area comprised besides the ORCO-GSG properties the property Gebauer Höfe.

Development

The Development segment deals with the 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 Investments, the Development business line has been progressively ran-down.

While the Development segment comprises premium assets like Sky Office in Düsseldorf and Hochwald in Kleinmachnow near Berlin, the development activity mostly focuses on developing or redeveloping GSG land or properties as well as Gebauer Höfe which are classified as Investment Properties.

2. Economic and Market environment

2.1. German investment market environment[1]

The basis conditions in the economy and in the financial sector recognized in Germany in the first half year 2012 assess that the interest to invest in real estate remains at a high level. Especially Germany is located as a preferred place to invest with the main target to focus on secured and core investment products. Hence the demand for core products is far higher than the supply and consequently products outside of core do only find financing with difficulty. Engagements of investors are accompanied by a sharp increase in risk aversion.

The uncertainty about the further development of the Eurozone and the financial markets has lead to postponements of investments in the first half year 2012, although it is expected that the volume of transactions will increase by end of 2012 to €20 to 23 billion and reach a level similar to the previous year's level. The sooner the uncertainties about the economic prospects and political circumstances vanish the more increasing big investments are expected to be initiated.

2.2. Relevant real estate market environment

Berlin

Economy[2]

Berlin´s economy showed repeatedly a solid growth trend. According to the results of the Investitionsbank (IBB) price-adjusted GDP is expected to increase in 2012 by 1.5%. After two extremely robust years in a row, the overall economic dynamic is expected to slow down but to improve and accelerate in the second half of the year. In comparison to Germany's overall economy Berlin's economy recorded a better general business outlook.

Once again the number of employees increased in Berlin. In June the unemployment rate decreased by 1.3% points YoY to 12.0%. Despite this decline the unemployment rate still remained on a significant higher level than the German average of 6.6% in December 2011.

[1] Data taken from DTZ research: http://www. dtz.com/Global/Research

[2] Data taken from IBB: http://www.ibb.de and www.Arbeitsagentur.de

Office Market[3]

Take-up in the office-market area of Berlin in the first half year 2012 amounted to 256,000 sqm and recorded the second best half year result since 2002, although 8% below previous years' figures. Since no decisive new office spaces entered the market the vacancy rates decreased YoY by 4.0% to 9.0% (June 2012). The achievable prime rent at the end of the first half year 2012 remained unchanged at €22.00 per sqm/month.

Prognosis

The positive development of the Berlin office market is expected to continue in 2012 and at least to reach an office space take-up volume of approximately 470,000 sqm reaching the long-term average. As completion rates are expected to increase until year end 2012 with succeeding relocation of companies the trend of decreasing vacancy volumes will probably mitigate. Prime rents are likely to remain stable at €22.00 per sqm/month within the next months 2012.

ORCO Germany believes in the short, mid and long term attractiveness of Berlin to be enhanced by key infrastructural projects such as the opening of the new international airport Schönefeld in 2012.

Düsseldorf[3]

Economy

Referring to the CBRE Q.2 2012 market view publication Germany despite the European crisis presented a decreasing unemployment rate and higher household income although companies assessed the future market 2012 more sceptical.

Unemployment rate decreased by 0.2% points YoY to 8.8% points compared to May 2012.

Office Market

The Dusseldorf office market (including surrounding districts) showed an overall take-up of 154,600 sqm, which resulted in 16.7% less YoY. The achievable prime rent in the market area YoY rose by approximately 8.7% to €25.0 per sqm/per month whereas the weighted average rent fell by 1% to €13.50 per sqm/per month. The vacancy rate YoY decreased from 10.9% to end up at 10.1% mainly on account of lacking completion of buildings.

Prognosis

The Düsseldorf office market proved its balance in the first half year 2012. It is expected that in the near future prime rents will continue to rise aligned with an expected overall net take up in 2012 of 300,000 sqm. The projected speculative completion level is assumed to remain on a low level while vacancy rates will almost stay robust.

[3] Data taken from CB Richard Ellis: http://www.cbre.eu/de_de/research/research_publications

3. Group earnings performance

3.1 The Stock of ORCO Germany S.A. on 30 June 2012

ISIN	LU0251710041
Market Cap	[19,996,246 EUR] (30 June 2012)
Segment	Prime Standard
Number of shares	48,771,333
Stock Exchange	Frankfurt Stock Exchange
Free float	8.1%

3.2. Key figures

	June 2012	June 2011	change
Revenues (in k €)	32,278	31,921	357
Operating Result (in k €)	3,075	31,401	(28,326)
Net profit attributable to the Equity holders of the Company (in k €)	(12,277)	15,266	(27,543)
Adjusted EBITDA (in k €)	15,872	12,892	2,980

	30 June 2012	31 December 2011	change
Total Assets (in k €)	764,464	796,235	(31,771)
Equity (in k €)	165,522	69,810	95,712
Liabilities (in k €)	598,942	726,425	(127,483)

3.3. Overview of major events in H1/2012

- Increase in equity recorded by the bond restructuring and the accompanied capital increase of € 109.1 million involved by ORCO Property Group holding 85% of the bonds.
- The net result of -€12.3 million decreased by €27.5 million compared to €15.2 million in H1/2011 and was mainly determined by impairments taken on the Sky Office building (-€13.6 million) and a provision set up for potential litigation regarding the neighbourhood agreement on Leipziger Platz succeeding the sale finalized in 2012 (-€4.0 million), which exceeded the positive operational development.
- Year on year GSG managed to increase the average commercial net rent from 4.90€ per sqm to 5.11€ per sqm and raised the overall occupancy rate from 77.1% i n June 2011 to 78.9% thus elevating revenues YoY by €0.6 million or 2.4%. Both KPIs are on an all-time high.
- Interest expenses YoY decreased by 15.6% or € 2.6 million as a consequence of the pay down of debts related to the sale of non-strategic assets, partial loan repayments on the ORCO-GSG loan and the maturity of ORCO-GSG 's swap hedged in an environment of even higher interest rates.
- Finalization and advance on disposals of non-strategic assets significantly above latest valuation. Due to a valuation increase after the signing of the sales contract to the level of the contracted sales price in 2011 the sales profit disclosed in this report does not show the full economic success.

3.4. Turnover

The total turnover in the first half year 2012 amounted to €32.3 million compared to €31.9 million recognized in the first half year 2011. Rents generated on the ORCO-GSG portfolio represented the main part of commercial investment revenues (93.4%). Repeatedly ORCO-GSG could countervail major move outs and improve rental revenues.

REVENUES (in k €)			
	June 2012	**June 2011**	**% change**
Commercial Investment Properties	28 031	27 712	1,2%
therof total GSG	26 175	25 562	2,4%
therof rental income GSG	*22 271*	*21 558*	*3,3%*
Development	4 247	4 209	0,9%
TOTAL	**32.278**	**31.921**	**1,1%**

3.4.1. Property Investments Segment

ORCO Germany's leasing income slightly increased from €27.7 million in H1/2011 to €28.0 million in H1/2012 thanks to ORCO-GSG's performance overcompensating decreasing leasing income due to the accomplished sales of non-strategic assets.

ORCO-GSG's Berlin business parks revenues increased YoY by 2.4% to €26.2 million including service charges to tenants (vs. €25.6 million in June 2011). Therein the rental income of ORCO-GSG increased by 3.3%. According to the strategy to dispose of non-cash generating assets, ORCO GSG's share of total revenues represented 81.1 % steadily increasing from 80.1% in H1/2011. In a like-for-like comparison i.e. excluding the effect of the asset sales the rental income increased by 4.1%.

The increase of rental income of ORCO-GSG was based on a significant increase of the average commercial net rental income per sqm of 3.1% (from €5.01 in December 2011 to €5.11 in June 2012) in addition to a commercial occupancy rate increase recognized of 1.3% to 79.3% in June 2012.

In 2012 service spaces part of the current area leased have been included for the first time as leased areas. Previously they were only included in the total lettable area, decreasing the actual occupancy rate. As a consequence, 7.181 sqm or 0.88% of total leasable area positively impacted the occupancy rate as one off effect. 6.399 sqm of the total service spaces attributed to the commercial occupancy increase. This did not have any effect on rental revenues.

Including the positive one off effect and excluding the effect from assets sold the total net take up on commercial spaces amounted to 7.763 sqm in H1/2012(same store perspective / commercial spaces owned at 31 December 2011 and 30 June 2012) and to 12.454 sqm over a twelve months period (same store).

Especially the eastern asset performed well in the first half year 2012. Among the five top performing assets the two eastern assets Döbelnerstrasse and Plauenerstrasse recorded pleasing results with associated positive prospects expected for the further run down of 2012.

Hence the top performing asset in the first half year 2012 was the asset Döbelnerstrasse in Berlin-Hellersdorf in the region east with a net-take up recorded of 2,269 sqm (without one-off effect on service space 1,736 sqm). Main contributor to the net-take up was a new contract signed with a medical supply store comprising 1,407 sqm with. The occupancy rate of this asset thus increased almost by 11.2%, from 69.3% (end of 2011) to 80.5% (H1/2012).

Second best performing asset Gustav-Meyer-Allee 25 was located in in Berlin-Mitte with a commercial net-take up achieved of 1,664 sqm (without one-off effect on service space 1,459 sqm) elevating the commercial occupancy rate consequently from 96.1% (end of 2011) to 98.2% (H1 2012).

Third and fourth best performers were to be found in the western parts of Berlin. In here the asset Reichenbergstrasse in Berlin-Friedrichshain recorded a net-take up of 1,353 sqm (without one-off effect on service space 1,310 sqm) while on the asset Lübarserstrasse additional 1,038 sqm (without one-off effect on service space 1,038 sqm) could be leased out.

Last but not least on the eastern asset Plauenerstrasse in Berlin-Lichtenberg thanks to fostered leasing activities a net-take up of 1,014 sqm (no one-off effect) could be recognized driving up the occupancy rate on commercial spaces from 49.6% to 51.3%.

The overall net-take up is expected to further benefit from already signed contracts in the first half year 2012 becoming effective in the second half year 2012.

	2012 30.06.	2011 31.12	2011 30.06.	2010 31.12.	2009 31.12.	2008 31.12.	2007 Takeover 30.06.
Net commercial rents (€/sqm)	5,11	5,01	4,90	4,86	4,80	4,66	4,49
Commercial occupancy rate (%)	79,3%	78,0%	77,2%	77,2%	76,0%	73,5%	68,8%
Total occupancy rate - all uses (%)	78,9%	77,8%	77,1%	77,2%	76,2%	74,6%	70,5%

In H1/2012 ORCO-GSG transferred two assets and three landplots in Berlin - out of them four were sold in 2011 or before. The biggest transfer was the disposal of the residential unit Bergfried- / Ritterstraße in Berlin-Kreuzberg with a sales price of €3.7 million.
In addition the company sold the small commercial property Kurfürstenstrasse 13-14 for €2.4 million .
Respective book values were already elevated according the achieved sales price by year end 2011.

Furthermore three minor land plots in Ackerstraße 81, Ackerstraße 83-84 and Geneststraße, which were not determined for further developments, were transferred in H1/2012 involving sales revenues of €1.0 million.

In addition a further sale of a landplot in Kurfürstenstrasse 11 was contracted on 25th of June 2012 with a final transfer aimed at in the third quarter 2012 with an adherent sales price of €0.6 million.

3.4.2. Development Segment

Revenues in line with previous year's revenues and only represented 13.2% of total revenues

The development revenues amounted to €4.2 million in H1/2012 in comparison to €4.2 million in H1/2011.

As at 30 June 2012 the development portfolio primarily included the unique premium project Sky Office in Düsseldorf, where interior works for leased out spaces related to a single lease contract signed by 31.01.2012 were nearly accomplished. The occupancy rate as of 30 June 2012 reached 88% and was accompanied by a gross rental income of €2.9 million and is expected further to increase by the time tenants have fully moved in and rent free periods granted have expired. Additional revenues of € 1.3 million resulted from the progressing sales of plots of land on the Hochwald project where final sales are scheduled to be executed in the next few weeks.

3.5. Net result from Fair value adjustments on Investment properties

The portfolio valuation accomplished by DTZ as of 30 June 2012 showed a net result from fair value adjustments of +€ 5.3 million exceeding YoY the pre-year's net result of +€ 0.3 million.

Fair values related to GSG properties including Wupperstrasse were up +0.7%(without Wupperstrasse +0.8%) and primarily driven by a better performance recognized.

The main contributors to the recorded fair value gains (+9.1 million) were Helmholzstrasse (+€0.9 million), Schlesischestrasse (+€0.5 million), Pankstrasse (+€0.5 million) and Döbelnerstrasse (+€0.4 million).

Successfully contracted sales above respective fair values with final transfers after the reporting period like Kurfürstenstrasse 11(+€0.4 million) and Elb-Office (+€0.4 million) contributed to this positive result as well as fair value gains recorded on Gebauer Höfe ((+€1.0 million).

Valuation losses of €3.8 million were mainly recognized on Wolfenerstr 32-34 (€0.8 million), and Lobeckstrasse (€0.7 million), Plauenerstrasse (€0.6 million) and Wupperstrasse 9 (€0.4 million) .

3.6. Adjusted EBITDA

In H1/2012 the adjusted EBITDA was €15.9 million, up 23% from €12.9 million in H1/2011.

The two business lines of ORCO Germany contributed as follows:

- The adjusted EBITDA of the Property Investments segment, mainly consisting of ORCO-GSG, slightly decreased by €0.1 million respectively 0.7% to €14.2 million compared to €14.3 million in 2011. Though higher rents could be achieved on the ORCO-GSG portfolio especially higher expenditures recognized for the refurbishment and maintenance of spaces (-€0.5 million) could not counterbalanced.
- The adjusted EBITDA of the development segment inclined to +€1.6 million compared to -€1.4 million in H1/2011. While Sky Office contributed by higher rental revenues of +€ 0.2 million mainly the sale of plots of land on the project Hochwald elevated the adjusted EBITDA by +€0.6 million. Companies managing rundown business activities like Viterra Baupartner GmbH and ORCO Projektentwicklung GmbH involved lower staff and employee related costs positively impacting the adjusted EBITDA by +€0.5 million.

3.7. Amortization, impairments and provisions

In the first half year 2012 amortization, impairments and provisions negatively impacted the P&L by -€17.8 million in comparison to +€5.8 million recorded in the corresponding period 2011 and mainly originated from impairments taken on Sky Office (€-13.6 million), a provision set up for potential litigation on the neighbourhood agreement on Leipziger Platz succeeding the sale finalized in 2012 (-€4.0 million) and the goodwill accrued for on ORCO-GSG (€-0.4 million), which were to some extent mitigated by releases of provisions for assets sold (€ +0.3 million).

In the first half year 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 offset by the recognition of impairments on trade receivables (-€0.6 million).

3.8. Operating result

The reporting period closed with a positive cumulated operating result of €3.1 million vs. €31.4 million in H1/2011.

The cumulated operating result was primarily composed of:

- Fair value gains amounting to €5.3 million
- Other operating income of €1.2 million versus €0.3 million consisting primarily of one off effects like the reversal of provisions/ liabilities referring to former years (€1.5 million) and the contribution recorded by asset sales conducted (-€0.3 million)
- Impairments, amortisation and provisions amounted to -€17.8 million in comparison to €5.8 million in H1/2011 mainly driven by impairments taken on the Sky Office building (-€13.6 million) and a provision set up for the neighbourhood agreement on Leipziger Platz succeeding the sale finalized in 2012 (-€4.0 million)
- Salaries and employee benefits slightly increased from €3.4 million in H1/2011 to €3.5 million in H1/2012. Lower costs recorded on the run down entities driven by previously initiated restructuring measures were principally overcompensated by higher performance related expenditures recorded for the successful lease out of spaces
- Other operating expenses scaled back from €15.9 million in H1/2011 to €13.7 million mainly due to:
  - Costs for utility supplies decreased by €0.5 million to €6.3 million mainly driven by seasonal effects
  - Consultancy costs decreased from €2.5 million H1/2011 to €1.6 million
  - Less administration costs of € 0.7 million
  - Taxes other than income taxes dropped from €1.4 in H1/2011 by €0.3 million to €1.1 million

k €	June 2012	June 2011	Variance
Leases and rents	(243)	(237)	(6)
Building Maintenance and Utilities Supplies	(2.423)	(2.408)	(15)
Communication and IT Maintenance	(801)	(236)	(565)
Utilities Supplies	(6.343)	(6.797)	454
Commissions, fees, consultancy, audit	(1.638)	(2.466)	827
Insurance	(365)	(558)	192
Cars expenses and car leases	(34)	(42)	8
Travel Expenses and representation costs	(44)	(93)	49
Advertising and Marketing	(270)	(350)	80
Administration Costs	(381)	(1.127)	746
Taxes other than income tax	(1.060)	(1.404)	344
Other operating expenses	(52)	(150)	98
Total other operating Expenses	**(13.655)**	**(15.868)**	**2.213**

3.9. Financial result

The net financial result amounted to -€11.4 million compared to -€14.3 million in H1/2011.

The financial result comprised interest expenses of -€14.0 million (versus -€16.6 million in H1/2011), interest income of +€1.0 million (versus €1.4 million in H1/2011) and other net financial results of +€1.7 million (versus €1 million in H1/2011).

The interest expenses over H1/2012 amounted to €14.0 million to be compared to a total adjusted EBITDA of €15.9 million underlying Management's previously communicated goal of achieving a full coverage of interest expenses by the adjusted EBITDA.

Total financial assets amounted to €27.2 million mainly comprising the net present value of receivables maturing in 2015 for Leipziger Platz (€25.9 million).

After finalization of the project in 2015 the top up of € 30 million is foreseen as an additional part of the contracted sales price.

The other net financial result in H1/2012 amounted to +€1.7 million (vs. +€1 million in H1/2011) and was mainly driven by:

- Other finance charges (-€1.0 million versus -€1.2 million in H1/2011) mainly linked to advisory services rendered in terms of the refinancing issue on the GSG loan (-€0.7 million).
- Gains on trading investments (€2.6 million versus €2.0 million in H1/2011) resulting mainly from the gains on revaluation of interest rate on derivatives on ORCO-GSG for +€4.6 million and on Gebauer Höfe (+€0.2 million) while notifying valuation losses for on ORCO Germany S.A. (-€2.2 million). Interest swaps were accounted for at fair value and contracted to prevent fluctuations in interest rates.

3.10. Income Taxes

Total income taxes amounting to -€3.9 million (-€1.9 million in H1/2011) were composed of current income taxes of -€2.0 million and deferred taxes of -€1.9 million.

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

3.11. Net result

ORCO Germany closed the first half year 2012 with a net loss of €12.3 million compared to a net gain of €15.3 million in the corresponding 2011 period.

3.12. Outlook

On 24th of July 2012 ORCO-GSG and Royal Bank of Scotland signed a third standstill agreement which terminates on 31st of August 2012.

At the end of August the Group has obtained a detailed term sheet for financing from a club of German banks in the amount of approximately €270 million. In light of such progress, the Company expects to obtain a further extension of the standstill agreement on the existing €286 million financing beyond 31 August 2012.

After approximately 85% of the ORCO Germany bonds have already been converted into ORCO Property group issued bonds convertible into shares it is aimed at to exchange remaining 15% of ORCO Germany bonds into new notes issued by ORCO Property Group in order to finalize the equitization of the ORCO Germany bond.

Furthermore the Company expects to be able to continue on a further improvement of its operational performance in the property business line while finalizing efforts on disposing of the unique landmark building Sky Office in Düsseldorf.

ORCO-GSG might continue to dispose assets which are not judged as of strategic importance. The scale of the disposal program depends on achieved sales prices as well as the according tax impact. Furthermore ORCO-GSG is examining development potentials on existing assets with the aim to expose and enlarge spaces which can be leased out.

4. Group financial position

4.1. Assets and portfolio valuation

4.1.1. Acquisitions

In order to preserve liquidity no acquisition was executed in H1 2012.

4.1.2. Disposals

In line with ORCO Germany's strategy to dispose of non-strategic assets and focus on commercial assets ORCO Germany sold in H1 2012 non-core assets with sales revenues of €0.8 million and transferred non-core assets with sales revenues of €19.4 million ending up in a reduction in debt. All sales have been conducted clearly above their fair values recognized by end of 2010. In 2011 fair values have already been adapted to the contracted sales prices and gains have been accounted for.

Asset disposal	Description	Date of Sale	Date of transfer	Sales price (m. €)
Kurfürstendamm 102	office in Berlin	05.08.2011	16.02.2012	6,3
Kurfürstenstrasse 13,14	GSG office in Berlin	01.09.2011	01.03.2012	2,4
Hüttenstrasse	office in Düsseldorf	29.09.2011	22.06.2012	6,1
Bergfried-Ritterstraße	residential GSG asset in Berlin	08.11.2011	01.02.2012	3,7
Ackerstraße 83-84	GSG plot in Berlin	29.12.2011	06.03.2012	0,6
Ackerstraße 81	GSG plot in Berlin	14.03.2012	01.05.2012	0,2
Geneststraße 6	part of land of Geneststraße 5	20.08.2009	24.03.2012	0,2
Kurfürstenstrasse 11	GSG plot in Berlin	25.06.2012	not yet	0,6
Elb-Office	land plot in Hamburg	17.07.2012	not yet	1,5
Ackerstrasse 93	GSG asset in Berlin	09.08.2012	not yet	1,9
Sold in 1st half year 2012				0,8
Transferred in 1st half year 2012				19,4
Sold after the reporting date				3,4

4.2. 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).

	June 2012	December 2011
Consolidated equity	**165,284**	**69,598**
Fair value adjustments on hotels and own occupied buildings	-	-
Fair value adjustments on inventories	512	(2,086)
Deferred taxes on revaluations	95,857	87,406
Goodwills	(42,883)	(43,285)
Own equity instruments	893	1,961
EPRA Net asset value	**219,663**	**113,594**
Net asset value in EUR per share	1.09	2.33
Existing shares	202,042	48,771

The increase of the existing number of shares taken into account for the calculation of the NAV corresponds to the shares to be issued for OPG against the € 109.1 Million OG bonds acquired as they are irrevocably redeemable into 153,271 Million new OG shares.

With that increase, the NAV per share decreased from € 2.33 to € 1.09. The NAV computation as of end of June 2012 already considered the ORCO Property Group's conversion of OG bonds in shares coherent to the nature of the equity increase recorded.

4.3. Assets and resources

The total assets of ORCO Germany as at 30 June 2012 amounted to €764.5 million compared to € 796.2 million as at 31 December 2011. Mainly assets sold and impairments taken on the investment property Sky Office decreased the volume of total assets by 3.8% and were only partly compensated by valuation gains.

The investment property as the most important non-current asset was valued as at 30 June 2012 at €495.1 million (versus €492.0 million in December 2011). In H1 2012, ORCO Germany recorded revaluation gains on investment properties of €5.3 million and assets worth €2.1 million were transferred to the position Assets held for sale based upon available signed sales contracts with transfers aimed at in the succeeding months of 2012.

Inventories are the most important current asset and were valued on 30 June 2012 at €132.5 million (versus €144.2 million end of 2011). The decrease in book value mainly arose from impairments taken on the Sky Office building (€13.6 million) and the progressing sales activities on the Hochwald sites in Kleinmachnow near Berlin (€0.2 million).

4.4. Equity and debt

As at 30 June 2012, equity of ORCO Germany raised to €165.5 million (versus €69.8 million in 2011), thereof €165.3 million were attributable to the owners of the Company. The increase in equity mainly stemmed from the bond restructuring and the accompanied capital increase of €109.1 million as a consequence of ORCO Property Group holding 85% of the bonds.

Financial debts as at 30 June 2012 amounted to €440.8 million compared to €534.5 million as at 31 December 2011. The decrease of the current financial debts from €496.6 million to €381.2 million mainly originated from the conversion of OG bonds (85%) into bonds convertible in shares issued by OPG. The remaining 15% of OG bonds kept by third parties were recognized in the balance sheet at their book value of €20.0 million.

Furthermore significant repayments on the GSG loan, where a standstill agreement is applicable due to its original maturity by mid of April 2012, and loan redemptions executed mainly on sold assets contributed to lower liabilities as illustrated for selected items below:

financed property	borrower	repayment H1 2012 (million €)
Gebauer Höfe	Gebauer Höfe Liegenschaften GmbH	**-0,26**
GSG properties	GSG Asset GmbH & Co. Verwaltungs KG	**-14,63**
Hakeburg	Vivaro GmbH & Co. Grundbesitz KG	**-0,61**
Hochwald	Vivaro GmbH & Zweite Grundbesitz KG	**-0,76**
Hüttenstr. 5a	ORCO Projektentwicklung GmbH	**-4,30**
Kurfürstendamm 102	ORCO Germany S.A.	**-4,99**
Skyoffice	ORCO erste Projektentwicklungs GmbH	**-1,40**
Total		**-26,95**

4.5. LTV

As at 30 June 2012 the loan to value ratio improved from 78.0% as at 31 December 2011 to 65.5% thanks to the Group's deleveraging efforts taken. The LTV ratio as at 30 June 2012 reflected mainly the progress made on the bond restructuring where 85% of the OG bonds were converted into OPG issued bonds convertible into shares. Furthermore partial repayments on the GSG loan and accomplished asset sales with subsequent loan redemptions contributed to a reduced LTV ratio. The LTV shall drop to 62,4% once the total equitisation of remaining bonds debt is executed, probably in September. Over the coming quarters it remains Management priority to further improve the Group's profitability and reinforce its equity basis especially through finalization of the bond restructuring (exchange of 15% of the bonds held by third parties).

in k €	June 2012	December 2011
Non current liabilities		
Financial debts	39,583	37,878
Current liabilities		
Financial debts	381,197	398,860
Liabilities held for sale	-	10,745
Current assets		
Current financial assets	(28)	(27)
Cash and cash equivalents	(8,671)	(14,797)
Net debt	**412,080**	**432,659**
Investment property	495,056	491,989
Own-occupied buildings	2,902	2,911
Financial assets at fair value through profit or loss	171	1,216
Non current loans and receivables	26,993	25,051
Inventories	132,448	144,269
Assets held for sale	2,070	19,489
Revaluation gains /(losses) on projects and prop.	512	(2,012)
Fair value of portfolio	**660,150**	**682,914**
Loan to value before bonds	62.4%	63.4%
Bonds	20,000	97,777
Accrued interests on bonds	0	2,328
Loan to value	65.5%	78.0%

5. Other reporting requirements

5.1. Subsequent closing events

The land plot Kurfürstenstrasse 11, which was sold on 25 June 2012 for a sales price of €0.6 million, will be transferred after the reporting date.

Furthermore subsequent sales were closed on the land plot Elb-Office (€1.5 million) located in Hamburg on 17th of July 2012 and the commercial asset Ackerstrasse 93 (€1.9 million) located in Berlin. Both sales are expected to tie up in final transfers in the upcoming months 2012.

GSG Loan

In July 2012 GSG Asset GmbH & Co. Verwaltungs KG, a subsidiary of ORCO Germany S.A and Royal Bank of Scotland signed a standstill agreement which terminates on 31 August 2012. The assets sales, together with the ORCO-GSG cash generation led to a reimbursement of ORCO-GSG outstanding bank debt by €14.6 million to €285.6 million. Thanks to execution of the OG deleverage, the negotiations on the refinancing of the existing bank loan have progressed and Management remains confident in successfully reimbursing the existing loan over the next months. For more details please refers to part 3.12 Outlook and to part 5.2 Financial Risks Exposure.

5.2 Financial Risks Exposure

The risk situation of the company improved significantly due to the bond restructuring which is pretty close to finalization leading to a significant deleveraging.

At the end of September the Group has obtained a detailed term sheet for financing from a club of German banks in the amount of approximately €270 million. In light of such progress, the Company expects to obtain a further extension of the standstill agreement on the existing €286 million financing beyond 31 August 2012.

The Group's activities are exposed 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. The Group's CFO identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board of Directors provides 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.

5.3. Directors' compensation

Please see Note 14 of the Consolidated Financial Statements.

5.4. Other information

- The Group does not provide any activities in research and development.
- The Company does not have any branch.

6. Shareholding

6.1. Share capital

At the Company's extraordinary general meeting held on 27 April 2012, the shareholders resolved to decrease the share capital of the Company from its previous amount of EUR 60,964,166.25 to EUR 4,877,133.30 without cancellation of shares, by decreasing the accounting par value of the existing shares from EUR 1.25 to EUR 0.10 per share with allocation of the reduction proceeds to a reserve. All the shares of the Company have no par value and are fully paid. Each share is entitled in the profits and corporate capital to a prorate portion of the percentage of the corporate capital it represents, as well as to a voting right and representation at the time of General Meeting, the whole in accordance with statutory and legal provisions.

The Company's shares are either registered or bearer, as the shareholder wishes, unless prohibited by law. Currently all the Company's shares are bearer shares.

To the best knowledge of the Company the capital ownership of ORCO Germany as at 30 June 2012 is as follows (one share giving the right to one vote):

Shareholders	Number of Shares	% of capital	% of voting rights
ORCO Property Group S.A	42,915,089	87.99%	87.99%
Viterra Baupartner	1,900,000	3.90%	3.90%
Other	3,956,244	8.11%	8.11%
Total	48,771,333	100.0%	100.0%

To the best knowledge of the Company, as at 30 June 2012, no shareholder holds more than 10% of the share capital of ORCO Germany S.A. except ORCO Property Group.

6.2. Authorised capital

In addition to the issued and subscribed corporate capital of EUR 4,877,133.30 the Company has also an authorized, but unissued and unsubscribed capital of EUR 100,000,000. The corporate share capital may be thus increased from its present amount to € 104,877,133.30, as the case may be, by the creation and the issue of new shares, entitling to the same rights and advantages as the existing shares. For the terms and conditions of the authorized capital please refer to the Company's articles of association.

6.3. 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).

ORCO GERMANY S.A.

Société Anonyme

Condensed consolidated interim financial information

As at 30 June 2012

Orco Germany's Board of Directors has approved on 30 August 2012 the condensed consolidated interim financial information for the period ended as at 30 June 2012.

All the figures in this report are presented in thousands of Euros, except if explicitly stated.

I. Condensed consolidated interim income statement

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

	Note	6 months 2012	6 months 2011
Revenue	3	**32,277**	**31,921**
Sale of goods		*1,288*	*274*
Rent		*26,785*	*26,503*
Services		*4,204*	*5,144*
Net gain / (loss) from fair value adjustments on investment property	4	5,277	340
Other operating income		1,452	254
Net result on disposal of assets		(262)	12,328
Cost of goods sold	7	(717)	(38)
Employee benefits		(3,485)	(3,368)
Amortisation, impairments and provisions	5/7	(17,813)	5,832
Other operating expenses		(13,655)	(15,868)
Operating result		**3,074**	**31,401**
Interest expenses		(14,034)	(16,622)
Interest income		977	1,387
Other net financial results	11	1,655	982
Financial result		**(11,403)**	**(14,253)**
Profit/(loss) before income taxes		**(8,328)**	**17,148**
Income taxes		(3,924)	(1,882)
Net profit / (loss) for the period		**(12,252)**	**15,266**
Total profit/(loss) attributable to:			
Non controlling interests		26	26
Owners of the Company		**(12,277)**	**15,240**
Basic earnings in EUR per share	12	(0.26)	0.17
Diluted earnings in EUR per share	12	(0.05)	0.17

II. Condensed consolidated interim statement of comprehensive income

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

	6 months 2012	6 months 2011
Profit /(Loss) for the period:	**(12,252)**	**15,266**
Other comprehensive income (loss):		
Currency translation differences	-	-
Total comprehensive income/(loss) for the period attributable to:	**(12,252)**	**15,266**
- owners of the Company	(12,277)	15,240
- non controlling interests	26	26

III. Condensed consolidated statement of financial position

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

ASSETS			
	Note	30 June 2012	31 December 2011
NON-CURRENT ASSETS		**577,362**	**573,946**
Intangible assets		**50,119**	**50,522**
Investment property	4	**495,056**	**491,989**
Property, plant and equipment		**5,024**	**5,168**
Hotels and owner occupied buildings	5	2,902	2,911
Fixtures and fittings		2,123	2,257
Financial assets at fair value through profit or loss		**171**	**1,216**
Non current loans and receivables	6	**26,993**	**25,051**
Deferred tax assets		-	-
CURRENT ASSETS		**187,102**	**222,289**
Inventories	7	132,448	144,269
Trade receivables		18,085	21,931
Other current assets		25,800	21,776
Current financial assets		28	27
Cash and cash equivalents	9	8,671	14,797
Assets held for sale	8	2,070	19,489
TOTAL		**764,464**	**796,235**

EQUITY & LIABILITIES			
		30 June 2012	31 December 2011
EQUITY		**165,522**	**69,810**
Equity attributable to owners of the Company	13.1	**165,284**	**69,598**
Non controlling interests		**238**	**212**
LIABILITIES		**598,942**	**726,425**
Non-current liabilities		**163,933**	**136,384**
Bonds	10.1	20,000	-
Financial debts	10.1	39,583	37,878
Provisions & other long term liabilities		14,104	10,207
Deferred tax liabilities		90,246	88,299
Current liabilities		**435,009**	**590,040**
Current bonds	10.2	-	97,777
Financial debts	10.2	381,197	398,860
Trade payables		6,445	4,465
Advance payments		22,792	20,097
Derivative instruments		2,261	29,842
Other current liabilities		22,314	28,255
Liabilities linked to assets held for sale	8	-	10,745
TOTAL		**764,464**	**796,235**

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 2010	**60,964**	**123,658**		**3**	**(134,748)**	**49,877**	**33**	**49,910**
Profit for the period :								
Translation differences				(3)	3	-		-
Net result of the period					15,240	15,240	26	15,266
Total comprehensive income				(3)	15,243	15,240	26	15,266
Changes in Non controlling interest						-		-
Own equity instruments			(1,520)			(1,520)		(1,520)
Capital increase						-		-
Non controlling interests' transactions						-		-
Balance at 30 June 2011	**60,964**	**123,658**	**(1,520)**	**-**	**(119,505)**	**63,597**	**59**	**63,656**
Profit for the period :								
Translation differences				3	(3)	-		-
Net result of the period					6,036	6,036	(11)	6,025
Total comprehensive income				3	6,033	6,036	(11)	6,025
Changes in Non controlling interest				(3)	(9)	(12)	165	153
Own equity instruments			(23)			(23)		(23)
Capital increase						-		-
Non controlling interests' transactions						-		-
Balance at 31 December 2011	**60,964**	**123,658**	**(1,543)**	**-**	**(113,481)**	**69,598**	**213**	**69,811**
Profit for the period :								
Translation differences						-		-
Net result of the period					(12,277)	(12,277)	26	(12,251)
Total comprehensive income	-	-	-	-	(12,277)	(12,277)	26	(12,251)
Changes in Non controlling interest						-		-
Own equity instruments						-		-
Capital decrease of 26 April 2012	(56,087)	56,087				-		-
Non repaid equity part of OCA issued in May 2012					107,963	107,963		107,963
Non controlling interests' transactions						-	(0)	(0)
Balance at 30 June 2012	**4,877**	**179,745**	**(1,543)**	**-**	**(17,795)**	**165,284**	**239**	**165,523**

V. Condensed consolidated interim cash flow statement

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

	30 June 2012	30 June 2011
Operating result	**3,074**	**31,401**
Net (gain) /loss from fair value adjustments on investment property	(5,277)	(340)
Amortisation, impairments and provisions	17,813	(5,832)
Net result on disposal of assets	262	(12,328)
Adjusted operating profit/loss	**15,872**	**12,901**
Financial result	(714)	10
Income tax paid	(837)	(832)
Financial result and income taxes paid	**(1,552)**	**(822)**
Changes in operating assets and liabilities	**(3,861)**	**(19,301)**
NET CASH FROM/ (USED IN) OPERATING ACTIVITIES	**10,460**	**(7,222)**
Capital expenditures and tangible assets acquisitions	(59)	(107)
Proceeds from sales of non current tangible assets (*)	19,418	104,087
Purchase of intangible assets	(4)	-
Loans granted to associates	(7)	
NET CASH FROM INVESTING ACTIVITIES	**19,348**	**103,980**
Movements on own shares	-	(1,520)
Net issue of equity instruments from minority	-	1
Proceeds from borrowings	1,990	-
Financial result / Net interest paid	(9,509)	(18,866)
Repayments of borrowings	(28,415)	(79,005)
NET CASH USED IN FINANCING ACTIVITIES	**(35,934)**	**(99,390)**
NET DECREASE IN CASH	**(6,126)**	**(2,632)**
Cash and cash equivalents at the beginning of the year (**)	14,797	17,939
Exchange difference on cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (**)	**8,671**	**15,307**

(*) Proceeds from sales of non-current tangible assets comprise mostly proceeds from sales of assets held for sale (Note 8) and sales of investment property (Note 4).

(**) Cash and cash equivalent referred to the note 9.

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 portfolio located in Germany. It is principally involved in leasing out investment properties under operating leases as well as 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 Luxembourg. The address of its registered office is 42 rue de la Vallée-L-2661 Luxembourg

As at 30 June 2012, the Company is 87.99% owned directly by Orco Property Group S.A. ("OPG"), Luxembourg, and its shares are listed on the Prime Market of Frankfurt stock exchange.

The parent company, OPG, includes in its consolidated financial statements those of Orco Germany S.A. OPG is incorporated under Luxembourg law. Consolidated financial statements of OPG can be obtained at its registered office 42 rue de la Vallée-L-2661 Luxembourg

The consolidated financial statements have been approved for issue by the Board of Directors on 30 August 2012.

The Board of Directors has the power to amend the consolidated financial statements after issue.

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 2012 has been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2011, which have been prepared in accordance with IFRS as adopted in the European Union.

In determining the appropriate basis of preparation of the condensed consolidated interim financial information, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Group's financial risks including foreign exchange risk, fair value risk, cash flow risk, interest rate risk, price risk, credit risk and liquidity risk are assessed according to the note 3 of the annual consolidated financial statements as at and for the year ended 31 December 2011.

The financial performance of the Group is naturally dependent upon the wider economic environment in which the Group operates. The negative macro-economic evolution could generate uncertainty on the evolution of real estate market that could damage the Group's activity. Nevertheless the Group has been successful in deleveraging with the bonds' restructuring as described in point 10.1 of this report.

When making its assessment of the Group's ability to continue as a going concern, the Board of Directors has identified two material uncertainties that relate to the still very high short term liabilities of EUR 381 million (mainly GSG for EUR 286 Million) and may cast significant doubt upon the Group's ability to continue as a going concern :

- Sky Office building in Dusseldorf is in the process of being sold in the short term. The finalization of this sale process would allow to fully repay the financing currently under standstill agreement for EUR 94.6 million until end of October 2012.
- GSG and its financing bank have signed 3 successive standstill agreements until 31 August 2012 which defer the repayment obligation related to the remaining EUR 286 million financing for GSG portfolio after partial repayments in March, April and May 2012. A term sheet has been signed on 28 August 2012 with 4 German banks for a new loan amount of approximately EUR 270 million, leaving a refinancing gap of around EUR 16 Million. The finalization of the sale process of Sky office building, which is under standstill agreement till end of October, is one of the possibilities identified by the Management to fill that refinancing gap. The Management is confident that RBS will give a 4th extension in order to finalize the refinancing.

The Directors are confident that the steps and actions initiated are the ones that might lead to a successful refinancing and is in the opinion that the risks are mitigated by the actions undertaken. Nevertheless, the Group is dependent on the decisions of third parties and the refinancing negotiations cannot be considered as secured yet.

The Board of Directors is in the opinion that, as a result of the financial restructuring currently being implemented, and considering the risks and uncertainties described above, there is a reasonable expectation that the Company can continue its operations in the foreseeable future and, accordingly, has formed the judgment that it is appropriate to prepare the condensed consolidated interim financial information as at 30 June 2012 on a going concern basis. If the Company is not successful in its refinancing, the going concern assumption might not be relevant any longer for the Group or its components. The condensed consolidated interim financial information would then need to be totally or partially amended to an extent which today cannot be estimated in respect of the valuation of the assets at their liquidation value, the incorporation of any potential liability and the reclassification of non-current assets or liabilities into current assets and liabilities.

The major going concern risk is considered to be at the level of GSG and not at the Group level. Would the Management not be successful in the conclusion of this extension until refinancing, the financing bank might initiate a sales process of the portfolio leading to a potential liquidation of the whole entity if the cash collected from such process would not be sufficient. It must be underlined that the risk is limited to the companies holding the portfolio as no guarantee has been issued by the Group. The GSG contribution to the Group's consolidated balance sheet and income statement is disclosed hereafter:

GSG	30 June 2012
Non-current assets	**530,534**
Intangible assets	**50,042**
Investment property	**450,611**
Property, plant and equipment	**3,940**
Hotels and own-occupied buildings	2,902
Fixtures and fittings	991
Properties under development	48
Financial assets at fair value through profit or loss	**25,941**
Current assets	**(52,159)**
Inventories	38
Trade receivables	3,238
Other current assets	16,271
Intercompagny accounts	*(74,797)*
Cash and cash equivalents	2,492
Assets held for sale	600
TOTAL ASSETS	**478,374**
Non-current liabilities	**88,468**
Financial debts	54
Deferred tax liabilities	88,414
Current liabilities	**305,662**
Financial debts	285,644
Trade payables	279
Advance payments	12,729
Other current liabilities	10,066
Net assets & Liabilities toward the group	*(3,055)*
TOTAL LIABILITIES	**394,130**

GSG	30 June 2012
Revenue	**26,176**
Net gain /(loss) from fair value adjustments on investment property	3,884
Other operating income	388
Net result on disposal of assets	138
Cost of goods sold	6
Employee benefits	(2,125)
Amortisation, impairments and provisions	(261)
Other operating expenses	(11,146)
Operating result	**17,060**
Interest expenses	(7,164)
Interest income	931
Other net financial results	4,002
Financial result	**(2,232)**
Profit/(loss) before income taxes	**14,829**
Income taxes	(3,486)
Net profit/(loss) for the period	**11,343**
Total profit/(loss) attributable to:	
non controlling interests	-
Owners of the Company	**11,343**

2.2 Accounting policies

The accounting policies have been consistently applied by the Group's entities and are consistent with those applied by the Group for its 31 December 2011 consolidated financial statements, except for the application of the revised and new standards and interpretations applied as from 1 January 2012 as described below.

a) New and amended standards adopted by the Group in 2012

Amendment to IAS 12: 'Deferred Tax: Recovery of Underlying Assets' was adopted by the Group in 2012. It amends to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale. On the other hand, the assets held for sale in the group are already measured at the carrying amount, and are presented separately in the balance sheet. So, there is no impact on the consolidated accounts of the group.

b) Standards, amendments and interpretations to existing standards effective as at December 2011

- IAS 24 (Revised): Related Party Disclosures;
- Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters;
- IFRS 3 (revised): 'Business combinations' was early adopted by the Group in 2009 and applied prospectively from 1 January 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payment classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed;
- Amendment to IAS 32: Classification of Rights Issues;
- Improvement to IFRS :
    - Amendment to IFRS 3: Business Combinations;
    - Amendment to IAS 1 : Clarification of Content of Statement of Changes in Equity;
    - Amendment to IFRS 7: Enhancing Disclosures about Transfers of Financial Assets;
    - 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 by the IASB but are (a) not adopted by the European Union or (b) adopted by the European Union, not compulsory before the financial year beginning 1 January 2013 and have not been early adopted by the Group:**

- IFRS 9, Financial Instruments. 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;
- 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 28, Investments in Associates and Joint Ventures;
- Amendment to IAS 19, Employee Benefits;
- Amendment to IAS 1, Presentation of items of Other Comprehensive Income;
- Amendment to IFRS 7, Disclosures-Offsetting Financial Assets and Financial Liabilities.

The Group is referring to the endorsement status of the IFRS new standards new interpretations and amendments to standards and interpretations as they are published by the European Union (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

The accounting policies have been consistently applied by the Group's entities and are consistent with those applied by the Group for its 31 December 2011 consolidated financial statements, except for the application of the revised and new standards and interpretations applied as from 1 January 2012 as described below.

2.3 Significant accounting estimates and judgments

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, 2011.

3 Segment reporting

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 amortization ("adjusted EBITDA" as defined below).

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

Adjusted EBITDA is the recurring operational cash result calculated by deduction from the operating result of non-cash items and non-recurring items (Net gain or loss on fair value adjustments – Amortization, impairments and provisions – Net gain or loss on the sale of abandoned developments – Net gain or loss on disposal of assets) and the net results on sale of assets or 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 developed 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 investing in and managing its own or third parties real estate assets for operational profitability and value appreciation. These two business lines are the segments by which the operations are analyzed.

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 asset management line once completed;
- Property Investment business line (formerly 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.

The level of indebtedness in front of each asset in order to finance projects and operations is decided by the Investment Committee and the Board of Directors above certain thresholds. The funds allocation after draw dawn is independent from the asset pledged or leveraged. Since the segmentation by business line of the finance debt based on the pledged project is not representative of operational cash allocation, this information is not disclosed as non-relevant.

In order to maintain the accuracy of segment reporting the methodology has been revised in 2011 by allocating revenue and costs at the project level instead of the special purpose vehicles ("SPV") level. As a result of the Group restructuring, multi-project SPVs related to both Development and Property Investments are now more frequent. Before this restructuring, the allocation to segments was based on the SPV activity as they were mainly mono-segment. A project is defined as an Investment property, a hotel, owner occupied building or real estate inventory asset.

Profit & Loss 30 June 2012	Development	Property Investments	TOTAL
Revenue	**4,247**	**28,031**	**32,278**
Net gain or loss from fair value adjustments on investment property	730	4,547	**5,277**
Cost of goods sold	(714)	(3)	**(717)**
Amortisation, impairments and provisions	(17,581)	(232)	**(17,813)**
Other operating results	(2,290)	(13,662)	**(15,952)**
Operating Result	**(15,606)**	**18,681**	**3,075**
Net gain or loss from fair value adjustments on investment property	(730)	(4,547)	**(5,277)**
Amortisation, impairments and provisions	17,581	232	**17,813**
Past valuation on goods sold			
Net result on disposal of assets	400	(138)	**262**
Adjusted EBITDA	**1,645**	**14,228**	**15,872**
Net gain or loss from fair value adjustments on investment property	730	4,547	**5,277**
Amortisation, impairments and provisions	(17,581)	(232)	**(17,813)**
Past valuation on goods sold			
Net result on disposal of assets	(400)	138	**(262)**
Operating Result	**(15,606)**	**18,681**	**3,075**
Financial Result			**(11,403)**
Profit & Loss before Income Tax			**(8,328)**

Balance Sheet & Cash Flow 30 June 2012	Development	Property Investments	TOTAL
Segment Assets	**137,155**	**495,207**	**632,362**
Investment Properties	2,750	492,306	**495,056**
Property, plant and equipment	-	2,902	**2,902**
Inventories	132,335	-	**132,335**
Assets held for sale	2,070		**2,070**
Unallocated assets			*132,102*
Total Assets			**764,464**
Segment Liabilities	**-**	**-**	**-**
Financial debts			
Liabilities linked to assets held for sale	-	-	**-**
Unallocated liabilities			*764,464*
Total Liabilities			**764,464**
Cash flow elements	**-**	**17**	**17**
Capital expenditure	-	17	**17**

Profit & Loss 30 June 2011	Development	Property Investments	TOTAL
Revenue	**4,208**	**27,712**	**31,920**
Net gain or loss from fair value adjustments on investment property	-	340	**340**
Cost of goods sold	-	(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 or loss from fair value adjustments on investment property	-	(340)	**(340)**
Amortisation, impairments and provisions	(5,136)	(696)	**(5,832)**
Net result on disposal of assets	(11,910)	(418)	**(12,328)**
Adjusted EBITDA	**(1,437)**	**14,338**	**12,901**
Net gain or loss from fair value adjustments on investment property	-	340	**340**
Amortisation, impairments and provisions	5,136	696	**5,832**
Net result on disposal of assets	11,910	418	**12,328**
Operating Result	**15,609**	**15,792**	**31,401**
Financial Result			**(14,252)**
Profit & Loss before Income Tax			**17,149**

Balance Sheet & Cash Flow 30 June 2012	Development	Property Investments	TOTAL
Segment Assets	**158,913**	**491,673**	**650,586**
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			*145,649*
Total Assets			**796,235**
Segment Liabilities	**5,429**	**2,011**	**7,440**
Financial debts			
Liabilities linked to assets held for sale	5,429	2,011	**7,440**
Unallocated liabilities			*788,795*
Total Liabilities			**796,235**
Cash flow elements	**133**	**157**	**290**
Capital expenditure	133	157	**290**

4 Investment property

The main assumptions used to calculate the fair value of the projects are disclosed in note 4.1 of the year end 2011 consolidated financial statement. 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.

	Freehold buildings	Extended stay hotels	Land bank	Buildings under construction	Buildings under finance lease	TOTAL
Balance at 31 December 2010	**506,138**	**-**	**2,020**	**-**	**-**	**508,158**
Scope movements	0	-	-	-	-	-
Investments / acquisitions	483	-	50	-	-	533
Asset sales	(8,610)	-	-	-	-	(8,610)
Revaluation through income statement	12,826	-	270	-	-	13,095
Transfers from properties under development	-	-	-	-	-	-
Transfers in/from asset held for sale	(18,860)	-	(629)	-	-	(19,489)
Other transfers	(4,078)	-	2,380	-	-	(1,698)
Translation differences	-	-	-	-	-	-
Balance at 31 December 2011	**487,899**	**-**	**4,090**	**-**	**-**	**491,989**
Investments / acquisitions	17	-	-	-	-	17
Asset sales	(159)	-	(0)	-	-	(159)
Revaluation through income statement	4,548	-	730	-	-	5,278
Changes in classification	-	-	-	-	-	-
Transfers in/from asset held for sale	-	-	(2,070)	-	-	(2,070)
Other transfers	1	-	(0)	-	-	1
Translation differences	-	-	-	-	-	-
Balance at 30 June 2012	**492,306**	**-**	**2,750**	**-**	**-**	**495,056**

❖ In 2012

44 investment properties (EUR 493.9 million) financed by bank loans located in special purpose entities are fully pledged for EUR 313.4 million.

a) Investments / Acquisitions

No significant investment has been done during the first half of 2012.

b) Asset sales

During the first of the half year, the net book value ("NBV") of the assets sold represents EUR 0.1 million, for a total sale price of EUR 0.2 million related to the plot Genestrasse 5-6 in Berlin.

c) Revaluation through the income statement

Valuation gains have been recognized for EUR 5.3 million, mainly in Berlin with Franklinstrasse for EUR 1.0 million, Helmholtz str. for EUR 0.9 million, Reuchlin str. for EUR 0.7 million, Schlesische str. for EUR 0.5 million and Berlin Pankow for EUR 0.5 million.

d) Transfers

Land banks – Transfers to Held for Sale Assets

The Group has decided to sell 2 investment properties in Germany which have been transferred in assets held for sale:

- Orco Elb Loft in Hamburg for EUR 1.5 million;
- Kufurstenstrasse in Berlin for EUR 0.6 million.

	6 months to June 2012		12 months to December 2011	
	Revaluation	Fair value	Revaluation	Fair value
Freehold Buildings	**4,548**	**492,306**	**12,826**	**487,899**
Germany	**4,548**	**492,306**	**12,826**	**487,899**
Residential	-	-	1,860	-
Office	-	-	481	-
Mixed Retail & Office	4,475	492,306	10,485	487,899
Land bank	73	-	-	-
Land Bank	**730**	**2,750**	**269**	**4,090**
Residential	-	2,750	320	2,750
Office Development	370	-	-	1,100
Retail & Office Development	360	-	(51)	240

❖ In 2011

49 investment properties (EUR 492.0 million) financed by bank loans located in special purpose entities are fully pledged for EUR 300.0 million.

a) Investments / Acquisitions

EUR 0.5 million in Germany mainly on Kurfustendamm 102 (transferred to asset held for sale asset at the end of 2011) for EUR 0.2 million.

b) Asset sales

During the year, the net book value ("NBV") of the assets sold represents EUR 8.6 million, for a total sale price of EUR 9.3 million with a total net gain compared to the December 2010 DTZ valuation amounting to EUR 0.7 million and composed of the following disposals:

- Invalidenstrasse in Berlin (NBV of EUR 5.2 million) at the sale price of EUR 5.6 million;
- Brunnenstrasse 156 in Berlin (NBV of EUR 3.4 million) at the sale price of EUR 3.7 million.

c) Revaluation through the income statement

In Germany, the total amount of increase in fair value amounts to EUR 13.1 million of which EUR 12.8 million on freehold buildings and EUR 0.3 million on land banks.

d) Transfers

Freehold buildings – Main outgoing assets:

4 investment properties in Germany which have been transferred to assets held for sale:

- Hüttenstrasse in Düsseldorf for EUR 6.5 million;
- Kurfurstendamm 102 in Berlin for EUR 6.3 million;
- Bergfriedstrasse 2,4,6 & Ritterstrasse 114 in Berlin for EUR 3.7 million;
- Kufurstenstrasse 13-14 in Berlin for EUR 2.4 million.

Land banks:

The Group is expecting to sell 1 land bank property in Germany which has been transferred in assets held for sale : Ackerstrasse 83-84 in Berlin for EUR 0.7 million.

5 Hotels and owner-occupied buildings

Hotels and owner-occupied buildings	Owner-occupied Buildings
GROSS AMOUNT	
Balance as at 31 December 2010	**4,324**
Investments / acquisitions	11
Transfer	(1,226)
Balance as at 31 December 2011	**3,109**
Balance as at 30 June 2012	**3,109**
AMORTISATION AND IMPAIRMENT	
Balance as at 31 December 2010	**1,986**
Amortisations - Allowance	19
Impairments - Allowance	116
Transfer	(1,923)
Balance as at 31 December 2011	**198**
Amortisations - Allowance	9
Balance as at 30 June 2012	**207**
NET AMOUNT	
Balance as at 30 June 2012	**2,902**
Balance as at 31 December 2011	*2,911*
Balance as at 31 December 2010	*2,338*

❖ In 2012

The building of Franklinstrasse 27 (carrying value of EUR 2.9 million), partially own occupied, is pledged within the global GSG bank loans financing.

❖ In 2011

The building of Franklinstrasse 27 (carrying value of EUR 2.9 million), partially own occupied, is pledged within the global GSG bank loans financing. The transfer EUR for 1.9 million is related to a decompensating of impairment from the previous years on Franklinstrasse 27.

6 Non-current loans and receivables

This balance sheet caption includes the net present value of the deferred consideration on the sale of Leipziger Platz amounting to EUR 25.9 million compared to EUR 25.1 million as at December 2011. An equity loan misclassified of 1.0 Million as be reclassified from financial assets at fair value though profit or loss into this caption.

7 Inventories

	June 2012	December 2011
Opening Balance	**144,269**	**142,276**
Net impairments	(13,611)	663
Transfers	-	1,000
Development costs	2,507	957
Cost of goods sold	(717)	(626)
Closing Balance	**132,448**	**144,269**

Inventories properties are developed with the intention to be resold.

❖ In 2012

The project in development Sky Office (EUR 127.8 million) is the main contributor in inventories and is pledged for an amount of EUR 94.6 million.

Development costs amount to EUR 2.5 million capitalized mainly on Sky Office (EUR 2.2 million).

Cost of goods sold amounting to EUR 0.7 million have been registered on Hochwald.

Impairments allowances are related to Sky Office in Dusseldorf for EUR 13.6 million.

❖ In 2011

Development costs amount to EUR 1 million capitalized mainly on Sky Office (EUR 0.7 million).

The project in development Sky Office (EUR 139.2 million) is the main contributor in inventories and is pledged for an amount of EUR 96.0 million.

Impairments have been reversed on Sky Office for EUR 0.7 million.

Transfer corresponds to the reclassification of the land plot Hochwald from Investment Properties to Inventories.

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

Assets held for sale	June 2012	December 2011
Opening Balance	**19,489**	**112,674**
Asset sales	(19,489)	(112,674)
Transfer in	2,070	19,489
Closing Balance	**2,070**	**19,489**

Liabilities linked to assets held for sale	June 2012	December 2011
Opening Balance	**10,745**	**66,000**
Asset sales	-	-
Transfer in		10,745
Repayment of loans	(10,745)	(66,000)
Closing Balance	**-**	**10,745**

❖ In 2012

As at 30 June 2012 the following assets were sold and transferred for a total net book value of EUR 19.5 million of which Kurfürstenstrasse 102 for EUR 6.3 million and small assets for EUR 6.7 million in Berlin and Hüttenstrasse in Dusseldorf for EUR 6.5 million, liabilities financing Kurfürstenstrasse 102 for a value of EUR 6.4 million and Hüttenstrasse for a value EUR 4.3 million have been fully repaid upon sales of these assets.

As at 30 June 2012 the assets held for sales include the new transfers Elb Loft in Hamburg for a net book value of EUR 1.5 million and Kurfürstenstrasse 11 in Berlin for a value of EUR 0.6 million.

❖ In 2011

As at 31 December 2011 the Group validated the sale of following assets: 4 assets from its Berlin investment properties portfolio: Kurfustendamm 102 with a value of EUR 6.3 million and EUR 6.5 million of liabilities and Hüttenstrasse with a value of EUR 6.5 million of assets and EUR 4.3 million of liabilities, Berlin Bergfriedstrasse. 2,4,6 and Kurfürstenstrasse 13,14 with a value of EUR 6.7 million of assets;

Over the year 2011, sale of Leipziger Platz plot of land with a value of EUR 113.5 million and Bialystok plot of land with a value of EUR 2.1 million were sold. EUR 66.0 million of bank loan have been repaid upon the sale of Leipziger Platz.

9 Cash and cash equivalents

As at 30 June 2012, the cash and cash equivalents consist of cash in bank for EUR 8.7 million (EUR 14.8 million in 2011).

Cash in bank include restricted cash (EUR 1.5 million compared to EUR 4.4 million in 2011) representing:

- Cash deposited in accounts pledged as collateral for development projects and lifted after sales of units, for EUR 1.0 million (EUR 2.2 million in 2011).
- Cash deposited in accounts pledged as collateral for loans related to the acquisition of property, for EUR 0.4 million (EUR 1.9 million in 2011).
- Cash contribution of the joint venture (Knorrstrasse 119 GmbH & CO KG) amounting to EUR 0.1 million (EUR 0.2 million in 2011).

10 Borrowings, financial debts and bonds

10.1 Non-current financial debts

❖ In 2012

In 2012, the non-current financial debts amount to EUR 59.6 million (in 2011 EUR 37.8 million). The table below represents the carrying of the debts allocated by date of repayment.

Non-current financial debt	Bank loans	Other non-current borrowings	Fixed rate bonds	TOTAL
Balance at 31 December 2010	**308,209**	**17,567**	**94,192**	**419,968**
Issue of new loans and drawdowns	-	50	-	50
Interests accumulated during the year	-	-	3,584	3,584
Repayments of loans	(4,965)	(7,893)	-	(12,858)
Transfers	(276,552)	1,462	(97,776)	(372,866)
Balance at 31 December 2011	**26,692**	**11,186**	**-**	**37,878**
Issue of new loans and drawdowns	-	1,984	-	1,984
Transfer	-	- (278)	20,000	- 19,722
Balance at 30 June 2012	**26,692**	**12,892**	**20,000**	**59,584**

Fixed rates bonds:

Negotiations with OG and OPG (Orco Property Group) bondholders started as early as the summer 2011 and culminated with the signature on 17 April 2012 of a joint agreement[1] on all bonds issued by both companies. As of 30 June 2012, OG is still the issuer of the bonds. The exchange has taken place outside the company with OPG being the holder of 85% of the bonds (EUR 109.1 million of book value) and the remaining ones are in the hands of third parties (mainly the ones voting at the bondholders' general meetings of May 2012).

Nevertheless major terms have been changed by the bondholders' general meetings, setting the interest at a far below market 0.5% and the redemption date in 2050. Those changes were set to make the new note to be issued by OPG undoubtedly more favorable than the 15% OG bonds remaining in third parties' hands.

Furthermore, the joint agreement and the terms approved by the general meetings include the irrevocable engagement of OPG to exchange the OG bonds (held as a result of the transaction against the convertible loan and that will be held as result of the transaction against new note) into OPG shares at agreed price.

It is not known which portion of the 15% third party bondholders will accept the public exchange offer for the new notes. However the financial conditions are so advantageous compared to the amended terms of the existing OG bonds and the percentage of bondholders having voted in favor of the transaction is so high that the portion of refusal can be estimated as marginal.

The 85% of the OG bonds held by OPG are bonds redeemable in shares as their repayment in shares to the majority shareholder of OG is unconditional at a fixed issuance price of EUR 0.712 per share. The fair value of the equity instrument is determined by difference between the fair value of the bond issued and the net present value of the liability part. The fair value of the bond is determined as corresponding to the market price at the OCA issuance day of the OG shares that would be given in repayment. The difference between the book value of the 85% of the OG bonds and the OCA amounting to EUR 46.3 million is recognized directly in equity as it is a transaction the OG majority shareholder and the OG bondholders. The liability part is close to zero as there will never be any cash payment.

The 15% of the OG bonds held by third parties as of 30 June 2012 will be voluntarily exchanged against the New Notes to be issued by OPG. The terms of these remaining bonds are so disadvantageous compared to the New Notes that the probability of a bondholder deciding to not respond favorably is very low. Even though the result is highly predictable, it is not certain. They are recognized on the balance sheet at their book value as their fair value based on the new terms and the exchange against New Notes end of September 2012 is not significantly different than their book value. The book value of the 15% OG bond liability amounts to EUR 20.0 million as of 30 June 2012.

❖ In 2011

Repayment of bank loans (EUR -5.0 million) mainly relate to the following operations:

- Sale of Brunnenstrasse (EUR -2.8 million);
- Partial reimbursement of Gebauer Hofe bank loan (EUR 2.2 million).

Transfers of bank loans (EUR -276.6 million) are mainly due:

- Reclassification of bank loans, that will fall due within twelve months (+EUR 300.0 million);
- Signature of amendment related to the loan financing the building of Gebauer Hofe (-EUR 28.9 million).

[1] *Refer to the Orco Property Group Press Releases of the 10 April 2012, 18 April 2012 and 25 April 2012.*

Other non-current loans consist mainly of equity loans from the parent company (Orco Property Group) for EUR 11.2 million.

Fair value of the bonds as at 31 December 2011

As at 31 December 2011, the fair value of the bonds, valued by Management, amounts to EUR 118.2 million.

	Carrying value of bonds	Fair Value of bonds
Bonds	97,777	95,334
Derivative instruments on bonds	22,914	22,914
Bonds at 31 December 2011	**120,691**	**118,248**

10.2 Current financial debts

❖ In 2012

As at 30 June 2012, the movements in current loans are the following:

Current financial debt	Bank Loans	Bank loans linked to assets held for sales	Other current borrowings	TOTAL
Balance at 31 December 2010	**134,587**	**66,000**	**12**	**200,599**
Issue of new loans and drawdowns	4,998	-	189	5,187
Repayments of loans	(3,926)	(66,000)	(11)	-69,937
Transfers	263,179	10,745	(172)	371,528
Balance at 31 December 2011	**398,838**	**10,745**	**18**	**507,381**
Issue of new loans and drawdowns	-		-	-
Repayments of loans	(17,665)	(10,745)	5	(28,407)
Interests				2,323
Redemption premium				25,025
Coupon capitalized in 2012				4,004
Recognition of the equity part of the bonds acquired by OPG				(109,129)
Transfers	-		-	(20,000)
Balance at 30 June 2012	**381,174**	**0**	**23**	**381,197**

The repayments of bank loans (EUR 28.4 million) are mainly related to GSG (EUR 14.6 million), Ku-damm 102 (EUR 6.4 million), Hüttenstrasse (EUR 4.3 million) Sky Office (EUR 1.4 million) and land plots in Berlin (EUR 1.3 million).

Fixed rates bonds:

The movements related to the bonds are described in the note 10.1.

❖ In 2011

The issuance of new loans mainly relates to further drawdowns on Sky Office credit line for EUR 1.3 million.

The repayments of loans are mainly related to the repayments of the loans financing Leipziger Platz (EUR 66.0 million) and Invalidenstrasse (EUR 3.9 million).

The transfers of bank loans and fix rate bonds from long term are mainly explained as follow:

- Reclassification of bank loans, that will fall due within twelve months (EUR 300.0 million) related to GSG
- Settlement of long term bank loan covenant breaches from 31 December 2010 which led to the reclassification of bank loans into long term debts for EUR 28.9 million related to Gebauer Hofe.

10.3 Borrowings maturity

❖ In 2012

The Group has entered into interest rate derivatives representing 100% of the non-current floating rate borrowings (100% in 2011) and 0.001% of the current floating rate borrowings (77% in 2011), 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. The decrease is mainly related to the expiration of the swap contract on GSG and the reimbursement of the liabilities (including the swap) upon the sales of Ku Damm 102.

Bank loans include amounts secured by a mortgage on properties with a value of EUR 0.407 billion (0.436 billion as at 31 December 2011).

The interests on bank loans decreased from EUR 16.6 million as at 30 June 2011 to EUR 14.0 million as at 30 June 2012 mainly due to the total or partial redemption upon assets and development sales in 2012.

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

At 30 June 2012	Note	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current Bonds	10.1	-	-	-	20,000	20,000
Non-current Financial debts		-	786	25,905	12,892	39,584
Bank loans	10.1	-	786	25,905	-	26,692
Bank loans fixed rate		-	-	-	-	-
Bank loans floating rate		-	786	25,905	-	26,691
Other non-current borrowings	10.1	-	-	-	12,892	12,892
Total		-	786	25,905	32,891	59,584
Current Bonds	10.2	-	-	-	-	-
Current Financial debts		381,197	-	-	-	381,197
Bank loans	10.2	381,174	-	-	-	381,174
Bank loans fixed rate		-	-	-	-	-
Bank loans floating rate		381,174	-	-	-	381,174
Other borrowings	10.2	23	-	-	-	23
Liabilities linked to assets held for sale	10.2	-	-	-	-	-
Total		381,197	-	-	-	381,197
TOTAL		381,197	786	25,905	32,891	440,781

❖ In 2011

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 (100% in 2010) and 100% of the current floating rate borrowing amounts (24.9% in 2010), 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 436.3 million (EUR 508.8 million as at 31 December 2010). 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.

At 31 December 2011	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current					
Financial debts	-	534	26,157	11,187	37,878
Bank loans	-	534	26,157	-	26,691
Bank loans floating rate	-	534	26,157	1	26,692
Other non-current borrowings	-	-	-	11,187	11,187
Total	-	534	26,157	11,186	37,878
Current					
Fixed rate bonds	97,777	-	-	-	97,777
Convertible bonds	-		-	-	-
Non Convertible bonds	97,777		-	-	97,777
Financial debts	398,860	-	-	-	398,860
Bank loans	398,838	-	-	-	398,838
Bank loans fixed rate	-	-	-	-	-
Bank loans floating rate	398,838	-	-	-	398,838
Other borrowings	22	-	-	-	22
Liabilities linked to assets held for sale	10,745	-	-	-	10,745
Total	507,382	-	-	-	507,382
TOTAL	507,382	534	26,157	11,186	545,260

10.4 Loans with covenant breaches

	As at 30 June 2012			As at 31 December 2011		
	Principal	Accrued Interest	Total	Principal	Accrued Interest	Total
Total loans linked to assets held for sale	-	-	-	4,300	-	4,300
Total Loans in Breach	-	-	-	4,300	-	4,300

Hüttenstrasse, an asset classified in asset held for sale in 2011, has been sold and the EUR 4.3 million loan, in covenant breach, financing this asset has been fully repaid over the period.

11 Other net financial results

	6 months 2012	6 months 2011
Change in carrying value of liabilities at amortised cost	-	-
Change in fair value and realised result on derivative instruments	2,624	1,880
Change in fair value and realised result on other financial assets	-	-
Other net finance gains or losses	(969)	(898)
Total	**1,655**	**982**

Change in the fair value of derivative instruments essentially relates to movements in fair value of derivative instruments are related to:

- Losses on Embedded derivatives on bonds for EUR 2.2 million;
- Gains on derivatives for EUR 4.8 million composed of EUR 4.6 million of gain related to the expiration of the swap contract as for GSG and EUR 0.2 million of losses on market to market actualization.

Other finance charges are mainly composed of fees related to the refinancing of GSG and bank expenses as bank loan disagio.

12 Earnings per share

	30 June 2012	30 June 2011
At the beginning of the period	**46,871,333**	**48,771,333**
Shares issued	48,771,333	48,771,333
Treasury shares	(1,900,000)	-
Weighted average movements	**-**	**(1,319,444)**
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**46,871,333**	**47,451,889**
Dilutive potential ordinary shares	**153,271,162**	**-**
Shares to be issued as repayment of the bonds acquired by OPG	153,271,162	-
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**200,142,495**	**47,451,889**
Net profit/(loss) attributable to the Equity holders of the Company	**(12,277)**	**15,240**
Effect of assumed conversions / exercises	**3,249**	**-**
85% of the interests expenses on the company's bonds	3,249	
Net profit /(loss) attributable to the Equity holders of the Company after assumed conversions / exercises	**(9,029)**	**15,240**
Basic earnings in EUR per share	(0.26)	0.32
Diluted earnings in EUR per share	(0.05)	0.32

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 adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

13 Equity holders

13.1 Share capital

	Number of shares	Capital	Share premium
Balance at 31 December 2010	**48,771,333**	**60,964**	**123,658**
Balance at 31 December 2011	**48,771,333**	**60,964**	**123,658**
Capital decrease of 26 April 2012		(56,087)	56,087
Balance at 30 June 2012	**48,771,333**	**4,877**	**179,745**

❖ In 2012

At the Company's extraordinary general meeting held on 27 April 2012, the shareholders resolved to decrease the share capital of the Company from its previous amount of EUR 60,964,166.25 to EUR 4,877,133.30 without cancellation of shares, by decreasing the accounting par value of the existing shares from EUR 1.25 to EUR 0.10 per share with allocation of the reduction proceeds to a reserve. All the shares of the Company have no par value and are fully paid. Each share is entitled in the profits and corporate capital to a prorate portion of the percentage of the corporate capital it represents, as well as to a voting right and representation at the time of General Meeting, the whole in accordance with statutory and legal provisions.

Authorized capital not issued:

At the same extraordinary general meeting of 27 April 2012, the shareholders resolved on several items related to the planned restructuring of up to 148,077 bonds issued by the Company on 24 May 2007.

The shareholders approved in principle an increase of the share capital from EUR 4,877,133.30 by up to EUR 18,136,104.90 through the issuance of up to 181,361,049 new shares of the Company at an issue price of EUR 0.712 per share against the contribution in kind to the Company of OG Bonds. On 9 May 2012, approximately 85% of the OG Bonds were exchanged for convertible bonds (obligations convertibles en actions) to be issued by OPG. As a result of this exchange, OPG received OG Bonds, which will be contributed to the Company in relation to the capital increase, and the implementation of such capital increase was delegated to the decision of the board of directors within the framework of the Company's authorized capital.

The shareholders also resolved to set the existing authorized share capital to an amount of EUR 100,000,000 for a period of 5 years from the date of the General Meeting.

❖ In 2011

All the shares of the Company have no par value and are fully paid. No movements occurred on equity during the years 2011 and 2010. No dividend has been paid by the Company to its shareholders in 2011 and 2010.

Authorized capital not issued:

According to article 5 of the Articles of Association of the Company the corporate share capital may be increased from its present amount to EUR 173,647,722.50 (subject to the Warrant Anti Dilution Protection as described below) (the "Authorized Share Capital"), as the case may be by the creation and the issue of new shares, entitling to the same rights and advantages as the existing shares. Out of the Authorized Share Capital an amount of up to EUR 23,647,722.50 (represented by 18,918,178 shares) shall be reserved for, and may not be used for any other purpose, (the "Reserved Authorized Share Capital") the concomitant issue of (i) 7,926,428 Warrants (as defined below) and (ii) the Conversion Shares (as defined below).

Subject to the restrictions of the Reserved Authorized Share Capital and the provisions of article 5.2.3 of the Articles of Association of the Company the board of directors of the Company is fully authorized and appointed:

- to render effective such increase of capital as a whole at once, by successive portions or by continuous issues of new shares, to be paid up in cash, by contribution in kind, by conversion of shareholders' claims (other than the OPG Claims), or following approval of the annual general meeting of shareholders, by incorporation of profits or reserves into capital;
- to determine the place and the date of the issue or of the successive issues, the terms and conditions of subscription and payment of the additional shares,
- to suppress or limit the preferential subscription right of the shareholders with respect to the above issue of supplementary shares against payment in cash or by contribution in kind.

Such authorization is valid for a period ending on 19th March 2012 and may be renewed by a general meeting of shareholders of the Company with respect to the shares of the Authorized Capital which at that time has not yet been issued, subject however to the Reserved Authorized Share Capital and the provisions of article 5.2.3 of the Articles of Association of the Company.

According to article 5.2.3 of the Articles of Association of the Company the Reserved Authorized Share Capital shall be expressly reserved and only be available for the concomitant issue of:

- 7,926,428 warrants giving the holder thereof the right to subscribe to one (1) share of the Company (each a "Warrant Share") for an issue price of one euro and sixty cents (€1.60) per share (being €1.25 accounting par and €0.35 share premium) and having the main terms as approved by the general meeting at qualified majority (the "Warrants") on October 30, 2009 (and the Warrant Shares upon exercise of the Warrants), such Warrants only to be issued to holders of shares of the Company, other than Orco Property Group SA, on the close of business (18:00 CET) on the day prior to October 30, 2009.
- up to 10,991,750 shares of an accounting par of €1.25 and an issue price of €1.60 per share (being €1.25 accounting par and €0.35 share premium) (the "Conversion Shares") to Orco Property Group SA ("OPG") against contribution in kind by OPG to the Company of claims against the Company held by OPG in a total aggregate face amount of €17,586,800 (principal and interest) and all and any rights relating thereto (the "OPG Claims").

According to article 5.2.3.3 of the Articles of Association of the Company a Warrant Anti Dilution Protection with respect to the holders of the Warrants (as defined above) has been regulated as follows: New Securities (as defined below) may only be issued by the Company during the exercise period of the Warrants (as defined above) if each holder of the Warrants is given the right to subscribe for a portion of the New Securities at same time and upon the same terms and conditions so that following the issue of the New Securities and exercise of all such subscription right the Warrantholders' Fully Diluted Shareholding (as defined below) remains unchanged. No issue of New Securities may be made against contributions other than cash.

According to article 5.2.3.4 of the Articles of Association of the Company for the purpose of the Warrant Anti Dilution Protection, "Warrantholders' Fully Diluted Shareholding" means, for any holder of the Warrants, the proportion of such holder's participation in shares of the Company (calculated on a fully diluted basis as if all of its Warrants were exercised or converted into shares of the Company, even where such conversion is not yet exercisable or has not yet occurred) relative to the total participation of all of the holders of shares of the Company and/or Warrants in the voting rights of the Company (calculated on a fully diluted basis as if all of the Warrants are exercised or converted into shares of the Company, even where such conversion right is not yet exercisable or has not yet occurred); "New Securities" means any shares (except the Conversion Shares and the Bond Rights (as defined below)), or other equity securities or warrants, options, bonds or other rights to subscribe for the foregoing issued while the Warrants are in issue; and "Bond Rights" means the redeemable warrants issued in relation with and attached to the €100,100,052 five year bonds issued by the Company in May 2007 (and shares to be issued upon due exercise thereof subject to the terms of the bonds and related redeemable warrants) (XS0302623953-030260395// XS0302626889-030262689).

According to article 5.2.3.5 of the Articles of Association of the Company the Board of Directors is authorized with respect to the Reserve Authorized Share Capital (and the issue of the Warrants, the Warrant Shares and the Conversion Shares) (i) to determine accessory terms of the Warrants as may be appropriate provided that the main terms determined by the general meeting may not be adversely impacted thereby and to take such steps and actions, including the preparation of a prospectus, to implement the issue of the Warrants (and upon exercise thereof, the issue of the Warrant Shares) and (ii) to take such steps and actions to implement the issue of the Conversion Shares; provided that the issue of the Warrants and the issue of the Conversion Shares are one dependent on the other and may only happen at the same time.

13.2 Dividends per share

The Board of Directors has decided not to propose any dividend payment at the Annual General Meeting of Orco Germany S.A. for the year 2011.

14 Related party transactions

Transactions with key management personnel

(a) Transactions with OPG

The Company was granted an "equity loan" by OPG bearing interest at an annual fixed rate of 8% (8% in 2011) and a maturity date of 2020. This loan amounted to EUR 11.5 million as at 30 June 2012 (EUR 11.0 million in 2011). Net interest expenses related to this loan amounted to EUR 0.4 million as at 30 June 2012 (EUR 0.6 million in 2011).

(b) Remuneration of key management personnel

The members of the Board of Directors of the Company, the CEO, the Group Chief Financial Officer and the general secretary of Orco Germany, the Group Director of Corporate and Legal Affairs, the Managing Director of ORCO Germany subsidiaries, the CFO and COO of GSG are considered as the key management personnel of the Group.

In the first half year of 2012, key management personnel received a global remuneration of EUR 0.6 million (EUR 0.6 million as at 30 June 2011).

15 Events after balance sheet date

15.1 28 August 2012 - Refinancing of GSG

At the end of August the Company has obtained a detailed term sheet for financing from a club of German banks in the amount of approximately EUR 270 Million. In light of such progress, the Company expects to obtain a further extension of the standstill agreement on the existing EUR 286 Million financing beyond 31 August 2012.

15.2 29 August 2012 - CSSF approval of prospectus

On 29 August 2012, the Commission de Surveillance du Secteur Financier (the "CSSF") in Luxembourg approved two OPG prospectuses, which were the final conditions for implementation of the OG and OPG bonds' restructuring described under section 2.1.1.1.. One prospectus is for the admission to trading of 65 million new ordinary shares to be issued by OPG in a mandatory exchange for 89.9% of its bonds, in the first step of the OPG bond restructuring. A second prospectus is for the offer and admission to trading of up to EUR 75.2 million of new notes to be issued by OPG (the "New Notes") in a voluntary exchange offer for the remaining bonds issued by OPG and its subsidiary Orco Germany S.A. ("OG").

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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 30 June 2012, and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim cash flow statement for the 6 month period then ended and the accompanying explanatory notes (collectively the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union. Our responsibility is to express a conclusion on condensed consolidated 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 condensed consolidated 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.

Emphasis of Matter

Going concern of the Group

We draw attention to note 2.1 in the condensed consolidated interim financial information which describes the basis upon which the Board of Directors has deemed it appropriate to utilise the going concern assumption in preparing the condensed consolidated interim financial information.

As at June 30, 2012, the Group has substantial outstanding debt service obligations, including a significant amount of short term financing amounting to EUR 381 million. A significant portion of such financing is classified as short term as a consequence of pending negotiations with credit institutions.

Several subsidiaries included within the accompanying interim condensed consolidated financial statements require funding to continue in operation as a going concern. The Board of Directors has determined that; considering that all individual amounts due to credit institutions are structured in such a fashion that the consequence of each single default would solely impact distinct real estate assets provided as collateral; the eventuality that a subsidiary is unable to continue in operation as a going concern should not have a direct impact on the Group's ability to continue in operation as a going concern.

The Board of Directors and the management are actively working on either negotiating with the financing banks in order to prolong the short term loans or on negotiating with potential purchasers in order to sale certain real estate assets.

The matters described above, together with the other elements described in note 2.1. in the condensed consolidated interim financial statements are indicative of 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 in respect of this matter.

Going concern of certain subsidiaries

Included within the short term liabilities mentioned above amounting to EUR 381 million, are amounts due to credit institutions in relation to the GSG portfolio. This debt amounts to EUR 286 million and falls due on 31 August 2012, the working day subsequent to the approval of the accompanying interim condensed consolidated financial statements and the issuance of this report.

During 2012, GSG and its financing bank have signed three successive standstill agreements which, further to partial repayments in March, April and May 2012, defer the repayment obligation related to the remaining of EUR 286 million until 31 August 2012. The last standstill agreement includes two major conditions subsequent, these being:

(i) the provision of an unbinding term sheet by a new banking pool in relation to the refinancing of the larger part of the current loan; and
(ii) the provision of an executed and binding letter of intent in relation to the sale of real estate assets that would provide sufficient proceeds to fund the difference between the current loan and the refinancing obtained as per i) above.

Condition (i) has been fulfilled on 28 August 2012 as the Group has obtained a signed term-sheet from a pool of 4 German banks for fresh financing of approximately EUR 270 million. Condition (ii) has not been fulfilled as of the date of this report. Despite the non-fulfilment of the latter condition; and considering:

a) the progress that has been made with a number of potential purchasers in relation to the sale of certain real estate assets; and
b) the fact that, when considering the signed term-sheet referred to above, the portion of the current loan that shall be reimbursed through the proceeds from the sale of real estate assets amounts to EUR 16 million; and
c) the state of the negotiations with the current bank;

the Board of Directors is of the opinion that it shall succeed in obtaining a further extension to the current loan in a manner that will provide sufficient time to finalize the refinancing.

The failure of such negotiations would result in the current financing bank having the possibility to exercise its pledge on the Group's shares in GSG and might initiate a sales process of the portfolio leading to a potential liquidation of the whole entity if the cash collected from such process would not be sufficient. In such a scenario, the Board of Directors would be required to present the assets and liabilities stemming from GSG on a break-up basis.

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Pending the completion of such negotiations, and on the basis of the considerations listed above, the Board of Directors has determined that it is still appropriate to continue to record the relevant GSG assets and liabilities at their going concern value. The contribution of GSG in the condensed consolidated interim statement of financial position as of June 30, 2012 is disclosed in note 2.1.

The matters described above, together with the other elements described in note 2.1 in the condensed consolidated interim financial information are indicative of the existence of a material uncertainty that may cast significant doubt about the ability of certain significant subsidiaries to continue in operation as a going concern.

Our conclusion is not qualified in respect of this matter.

For Deloitte Audit S.à r.l., Cabinet de révision agréé

Christiane Chadoeuf, Réviseur d'entreprises agréé
Partner

30 August 2012