ORCO PROPERTY GROUP S.A.

Société Anonyme

Condensed consolidated interim financial information

As at 30 June 2012

Orco Property Group'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	**69,455**	**73,571**
Sale of goods		*14,002*	*19,599*
Rent		*35,096*	*34,214*
Hotels, Extended Stay & Restaurants		*10,749*	*10,595*
Services		*9,608*	*9,163*
Net gain / (loss) from fair value adjustments on investment property	4	(5,309)	(351)
Other operating income		5,522	370
Net result on disposal of assets		886	11,052
Cost of goods sold	7	(13,610)	(16,899)
Employee benefits		(13,593)	(14,058)
Amortisation, impairments and provisions	5/7	(25,806)	(3,585)
Other operating expenses		(26,557)	(31,196)
Operating result		**(9,012)**	**18,904**
Interest expenses		(39,610)	(41,600)
Interest income		1,746	2,419
Foreign exchange result		9,926	12,664
Other net financial results	12	30,992	5,572
Financial result		**3,053**	**(20,945)**
Profit/(loss) before income taxes		**(5,958)**	**(2,041)**
Income taxes		(3,839)	(443)
Profit from continuing operations		**(9,798)**	**(2,484)**
Profit / (loss) after tax from discountinued operations		-	(3,342)
Net profit / (loss) for the period		**(9,798)**	**(5,826)**
Total profit/(loss) attributable to:			
Non controlling interests	10	(2,796)	1,677
Owners of the Company		**(7,002)**	**(7,503)**
Basic earnings in EUR per share	13	(0.33)	(0.55)
Diluted earnings in EUR per share	13	(0.24)	(0.06)

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:	**(9,798)**	**(5,826)**
Other comprehensive income (loss):		
Currency translation differences	4,296	(6,887)
Total comprehensive income/(loss) for the period attributable to:	**(5,502)**	**(12,713)**
- owners of the Company	(2,584)	(14,502)
- non controlling interests	(2,918)	1,789

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		**1,127,374**	**1,190,417**
Intangible assets		**47,299**	**47,783**
Investment property	4	**805,576**	**872,316**
Property, plant and equipment		**154,572**	**156,865**
Hotels and owner occupied buildings	5	140,628	142,659
Fixtures and fittings		13,944	14,206
Financial assets at fair value through profit or loss	6.1	**45,754**	**46,787**
Financial assets available-for-sale	6.2	**9,596**	**-**
Non current loans and receivables	6.3	**64,577**	**66,666**
Deferred tax assets		**-**	**-**
CURRENT ASSETS		**494,986**	**511,956**
Inventories	7	381,206	382,279
Trade receivables		29,834	36,145
Other current assets		36,190	32,279
Derivative instruments		1	-
Current financial assets		244	29
Cash and cash equivalents	9	43,936	37,095
Assets held for sale	8	3,575	24,129
TOTAL		**1,622,360**	**1,702,373**

EQUITY & LIABILITIES	Note	30 June 2012	31 December 2011
EQUITY		**344,419**	**275,199**
Equity attributable to owners of the Company	14.1	**334,470**	**263,195**
Non controlling interests	10	**9,950**	**12,004**
LIABILITIES		**1,277,940**	**1,427,174**
Non-current liabilities		**573,384**	**509,439**
Bonds	11.1	223,300	163,380
Financial debts	11.2	231,630	239,225
Provisions & other long term liabilities		24,643	14,326
Deferred tax liabilities		93,811	92,508
Current liabilities		**704,557**	**917,735**
Current bonds	11.3	-	119,923
Financial debts	11.3	566,563	620,835
Trade payables		21,161	16,366
Advance payments		38,601	35,250
Derivative instruments		14,751	41,153
Other current liabilities		63,482	68,316
Liabilities linked to assets held for sale	8	-	15,892
TOTAL		**1,622,360**	**1,702,373**

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	Translation Reserve	Treasury Shares	Other Reserves	Equity attributable to owners of the Company	Non controlling interests	Equity
Balance at 31 December 2010	**57,621**	**403,988**	**27,349**	**(20,014)**	**(165,887)**	**303,057**	**52,912**	**355,969**
Profit (loss) for the period:	-	-	-	-	-			
Translation differences	-	-	(6,999)	-	-	(6,999)	112	(6,887)
Profit /(Loss) for the period	-	-	-	-	(7,503)	(7,503)	1,677	(5,826)
Total comprehensive income	**-**	**-**	**(6,999)**	**-**	**(7,503)**	**(14,502)**	**1,789**	**(12,713)**
Capital increase						-		-
Own equity investments	-	-	-	(4,048)	48	(4,000)	-	(4,000)
Non controlling interests' transactions	-	-	-	-	2,200	2,200	(3,261)	(1,061)
Balance at 30 June 2011	**57,621**	**403,988**	**20,350**	**(24,062)**	**(171,142)**	**286,755**	**51,440**	**338,195**
Profit (loss) for the period:	-	-	-	-	-		-	
Translation differences	-	-	(6,309)	-	-	(6,309)	(296)	(6,605)
Profit /(Loss) for the period	-	-	-	-	(45,753)	(45,753)	121	(45,632)
Total comprehensive income	**-**	**-**	**(6,309)**	**-**	**(45,753)**	**(52,062)**	**(175)**	**(52,237)**
Capital increase	12,300	14,700	-	-	(9,240)	17,760	-	17,760
Own equity investments	-	-	-	1,249	(596)	653	-	653
Non controlling interests' transactions	-	-	-	-	10,090	10,090	(39,262)	(29,172)
Balance at 31 December 2011	**69,921**	**418,688**	**14,041**	**(22,813)**	**(216,642)**	**263,195**	**12,004**	**275,199**
Profit (loss) for the period:	-	-	-	-	-		-	
Translation differences	-	-	4,418	-	-	4,418	(123)	4,295
Profit /(Loss) for the period	-	-	-	-	(7,002)	(7,002)	(2,796)	(9,798)
Total comprehensive income	**-**	**-**	**4,418**	**-**	**(7,002)**	**(2,584)**	**(2,919)**	**(5,503)**
Dividends	-	-	-	-	-	-	-	-
Increase in capital	75,283	710	-	-	(22,744)	53,248	-	53,248
Own equity instruments	-	-	-	366	(263)	103	-	103
Non repaid equity part of OCA issued in May 2012	-	-	-	-	22,024	22,024	(62)	21,962
Non controlling interests' transactions (*)	-	-	-	-	(1,516)	(1,516)	927	(589)
Balance at 30 June 2012	**145,204**	**419,398**	**18,459**	**(22,447)**	**(226,144)**	**334,470**	**9,949**	**344,420**

(*) See Note 10

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	**(9,012)**	**18,904**
Net gain / loss from fair value adjustments on investment property	5,309	351
Amortization, impairments and provisions	25,806	3,585
Net result on disposal of assets	(886)	(11,052)
Adjusted operating profit / loss	**21,217**	**11,788**
Financial result	(833)	3,293
Income tax paid	(1,178)	(491)
Financial result and income taxes paid	**(2,011)**	**2,802**
Changes in operating assets and liabilities	**(8,215)**	**4,565**
NET CASH FROM /(USED IN) OPERATING ACTIVITIES	**10,991**	**19,155**
Capital expenditures and tangible assets acquisitions	1,595	(9,353)
Proceeds from sales of non current tangible assets (*)	93,906	105,321
Purchase of intangible assets	(191)	(28)
Purchase of financial assets	-	(1,520)
Loan repayment received from long-term receivables	1,747	-
NET CASH FROM INVESTING ACTIVITIES	**97,057**	**94,420**
Net issue of equity instruments to shareholders	-	-
Purchase of treasury shares and change in ownership interests in subsidiaries	-	(4,000)
Proceeds from borrowings	493	27,960
Net interest paid	(16,085)	(47,892)
Repayments of borrowings	(85,993)	(106,411)
NET CASH USED IN FINANCING ACTIVITIES	**(101,585)**	**(130,343)**
NET INCREASE/(DECREASE) IN CASH	**6,463**	**(16,768)**
Cash and cash equivalents at the beginning of the year (**)	37,095	53,439
Cash and cash equivalents at the beginning of the year of assets reclassified to assets held for sale	-	(1,905)
Exchange difference on cash and cash equivalents	377	434
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (**)	**43,936**	**35,200**

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

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

The Company is listed on the NYSE EuroNext Paris stock exchange, the Prague stock exchange, and the Warsaw stock exchange.

This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 30 August 2012.

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 generates increased uncertainty on the evolution of real estate market in Central Europe that could damage the Group's activity and is slowing down the refinancing negotiations and the asset sales program. Nevertheless the Group has been successful in deleveraging with the bonds' restructuring as described in point 11.1 of this report, the resolution of breaches and the generation of cash with asset sales.

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

- The still very high short term liabilities of EUR 567 million mainly relate to the GSG financing that is currently under standstill agreement for EUR 286 million. A material uncertainty persists on the refinancing of specific Group assets or activities. OG's subsidiary 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 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.

- Negotiations with Orco Germany SA ("OG") and OPG bondholders led to the signature on 17 April 2012 of a joint agreement on all bonds issued by both companies. Bondholders' and shareholders' general meetings held between end of April and June have all largely voted in favor of the restructuring. Most of the Safeguard creditors also approved the new terms (the couple of creditors who did not approve continue to be served under the 19 May 2010 approved repayment schedule). On 14 May 2012 the Paris Commercial Court heard the Company's request to modify its Safeguard plan in order to implement the bond restructuring plan and approved it on 21 May 2012. The Group's ability to continue as a going concern is primarily dependent upon its ability to implement the Safeguard plan as approved by the Commercial Court in Paris.

- Some subsidiaries and joint ventures held by the Group require funding to continue in operation as a going concern. The business plan is built on the capacity of the Group to generate sufficient cash from its profitable activities and asset sales in order to support the activities or assets that are currently in development or restructuring. All bank loan financing is located in special purpose vehicles. In the eventuality that a guarantee granted prior to the opening of the Safeguard procedure is exercised further to an unsuccessful financing negotiation, this would not have a short term impact of the Group's cash flows as repayment would occur in accordance with the term out plan approved in May 2010 and amended in May 2012. The Management is actively working on negotiating with the financing banks in order to either prolong the short term loans or solve the covenants breaches.

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 restructurings, 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 now 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 neither by the Company nor by OG. The GSG contribution to the Group's consolidated balance sheet and income statement is disclosed hereafter:

GSG contribution to the Group's estimated consolidated balance sheet and income statement

GSG	30 June 2012
Non-current assets	**526,504**
Intangible assets	**46,012**
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	**(49,905)**
Inventories	38
Trade receivables	3,238
Other current assets	16,271
Intercompagny accounts	*(72,542)*
Cash and cash equivalents	2,492
Assets held for sale	600
TOTAL ASSETS	**476,599**
Non-current liabilities	**88,507**
Financial debts	54
Deferred tax liabilities	88,453
Current liabilities	**305,675**
Financial debts	285,644
Trade payables	279
Advance payments	12,729
Other current liabilities	10,079
Net assets & Liabilities toward the group	*(3,055)*
TOTAL LIABILITIES	**394,182**

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	957
Owners of the Company	**10,385**

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).

2.3 Seasonality

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

2.4 Significant accounting estimates and 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.

The fair value of the financial instruments has been adjusted according to the following assumptions:

- Credit spread used on the "Profit participating loan" granted to Hospitality Invest S.à.r.l. : 4.00%;
- Liquidity discount used on the investment in Endurance Fund : 20%

	June 2012		2011		2010	
Per rate type	Min	Max	Min	Max	Min	Max
Discount rate	5.3%	17.0%	5.3%	17.0%	6.5%	11.8%
Capitalization yield	5.5%	19.0%	5.4%	19.1%	5.8%	13.0%
Cap rate	6%	17%	5%	17%	5%	9%

	Capitalization yield		Cap rate		Discount rate	
June 2012 per category of assets	Min	Max	Min	Max	Min	Max
Hospitality	NA	NA	7.0%	11.0%	9.5%	17.0%
Rental CE	7.0%	19.0%	7.5%	17.0%	7.3%	12.5%
German assets	5.5%	7.5%	5.5%	8.3%	5.3%	9.6%

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.

Segment Reporting - 30 June 2012

Profit & Loss 30 June 2012	Development	Property Investments	TOTAL
Revenue	16,863	52,593	69,456
Net gain or loss from fair value adjustments on investment property	1,579	(6,888)	**(5,309)**
Cost of goods sold	(12,691)	(919)	**(13,610)**
Amortisation, impairments and provisions	(23,676)	(2,130)	**(25,806)**
Other operating results	(4,729)	(29,012)	**(33,741)**
Operating Result	(22,655)	13,644	(9,011)
Net gain or loss from fair value adjustments on investment property	(1,579)	6,888	**5,309**
Amortisation, impairments and provisions	23,676	2,130	**25,806**
Past valuation on goods sold			
Net result on disposal of assets	(922)	37	**(886)**
Adjusted EBITDA	(1,481)	22,699	21,218
Net gain or loss from fair value adjustments on investment property	1,579	(6,888)	**(5,309)**
Amortisation, impairments and provisions	(23,676)	(2,130)	**(25,806)**
Net result on disposal of assets	922	(37)	**886**
Operating Result	(22,655)	13,644	(9,011)
Financial Result			**3,053**
Profit & Loss before Income Tax			(5,958)

Balance Sheet & Cash Flow 30 June 2012	Development	Property Investments	TOTAL
Segment Assets	419,795	909,036	1,328,831
Investment Properties	37,170	768,406	**805,576**
Property, plant and equipment	-	140,630	**140,630**
Inventories	379,050	-	**379,050**
Assets held for sale	3,575		**3,575**
Unallocated assets			*293,529*
Total Assets			**1,622,360**
Segment Liabilities	-	-	-
Liabilities linked to assets held for sale	-	-	**-**
Unallocated liabilities			*1,622,360*
Total Liabilities			**1,622,360**
Cash flow elements	317	921	1,238
Capital expenditure	317	921	**1,238**

Segment Reporting - 30 June 2011

Profit & Loss 30 June 2011	Development	Property Investments	TOTAL
Revenue	23,476	50,095	73,571
Net gain or loss from fair value adjustments on investment property	1,279	(1,630)	**(351)**
Cost of goods sold	(15,921)	(978)	**(16,899)**
Amortisation, impairments and provisions	529	(4,113)	**(3,584)**
Other operating results	324	(34,157)	**(33,833)**
Operating Result	9,687	9,217	18,904
Net gain or loss from fair value adjustments on investment property	(1,279)	1,630	**351**
Amortisation, impairments and provisions	(529)	4,114	**3,585**
Net result on disposal of assets	(10,824)	(228)	**(11,052)**
Adjusted EBITDA	(2,944)	14,733	11,788
Net gain or loss from fair value adjustments on investment property	1,279	(1,630)	**(351)**
Amortisation, impairments and provisions	529	(4,114)	**(3,585)**
Net result on disposal of assets	10,824	228	**11,052**
Operating Result	9,687	9,217	18,904
Financial Result			**(20,945)**
Profit & Loss before Income Tax			(2,041)

Balance Sheet & Cash Flow 30 June 2011	Development	Property Investments	TOTAL
Segment Assets	529,628	1,053,243	1,582,871
Investment Properties	105,146	786,008	**891,154**
Property, plant and equipment	4	165,322	**165,326**
Inventories	406,325	-	**406,325**
Assets held for sale	18,153	101,913	**120,066**
Unallocated assets			*226,582*
Total Assets			**1,809,453**
Segment Liabilities	-	39,048	39,048
Liabilities linked to assets held for sale		39,048	**39,048**
Unallocated liabilities			*1,770,405*
Total Liabilities			**1,809,453**
Cash flow elements	8,941	1,711	10,652
Capital expenditure	8,941	1,711	**10,652**

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	**765,996**	**26,300**	**50,340**	**45,400**	**-**	**888,036**
Scope movements	0	-	(6,277)	-	-	(6,277)
Investments / acquisitions	1,444	85	455	6,184	-	8,168
Asset sales	(10,892)	(1)	(1,317)	-	-	(12,210)
Revaluation through income statement	17,667	747	1,146	-	-	19,560
Transfers from properties under development	50,434	-	-	(50,434)	-	-
Transfers in/from asset held for sale	(3,860)	-	(4,030)	-	-	(7,890)
Other transfers	(1,431)	(1)	1,783	0	-	351
Translation differences	(12,370)	(1,257)	(2,627)	(1,150)	-	(17,403)
Balance at 31 December 2011	**806,988**	**25,874**	**39,472**	**-**	**-**	**872,334**
Investments / acquisitions	806	4	185	-	-	995
Asset sales	(71,439)	(1)	-	-	-	(71,440)
Revaluation through income statement	(6,535)	(352)	1,579	-	-	(5,308)
Changes in classification	-	-	(790)	-	-	(790)
Transfers in/from asset held for sale	-	-	(2,077)	-	-	(2,077)
Other transfers	(0)	(8)	7	-	-	(1)
Translation differences	10,699	462	701	-	-	11,862
Balance at 30 June 2012	**740,520**	**25,980**	**39,077**	**-**	**-**	**805,576**

❖ In 2012

64 investment properties (EUR 765.5 million) financed by bank loans located in special purpose entities are fully pledged for EUR 518.8 million.

a) Investments / Acquisitions

During the first of the half year, the Group has invested EUR 1.0 million in Investment Properties representing mainly capitalization on commercial development in Budapest (Vaci 1 retail center) for EUR 0.5 million.

b) Asset sales

During the first of the half year, the net book value ("NBV") of the assets sold represents EUR 71.4 million, for a total sale price of EUR 70.4 million out of which EUR 39.3 million have been used to repay the bank loan on Radio Free Europe in Czech Republic, composed mainly of the following disposals:

- Residence Masaryk in Prague (NBV of EUR 0.5 million) at the sale price of EUR 0.2 million;
- Americka 13 in Prague (NBV of EUR 0.3 million) at the sale price of EUR 0.3 million;
- Na Kozacce 1 in Prague (NBV of EUR 0.8 million) at the sale price of EUR 0.6 million;
- Radio Free Europe in Prague (NBV of EUR 69.7 million) at the sale price of EUR 69.1 million.

The total net loss compared to the December 2011 net book value of the assets amounts to EUR 1.0 million in P&L which is mainly explained by the foreign exchange loss in Balance Sheet amounting to EUR 1.7 million on Radio Free Europe.

c) Revaluation through the income statement

The movement in fair value of the assets relates mainly to freehold buildings and land bank:

- In Germany, the total amount of increase in fair value amounts to EUR 5.2 million of which EUR 4.5 million on freehold buildings and EUR 0.7 million on land banks;
- In the Czech Republic, the increase in fair value amounts to EUR 0.7 million of which a decrease of EUR 0.6 million on freehold buildings and an increase of EUR 1.4 million on land banks;
- In Poland, the decrease in fair value amounts to EUR 1.4 million of which EUR 0.9 million on Freehold buildings and EUR 0.5 million on land banks;
- In Hungary, the decrease in fair value amounts to EUR 9.4 million of which EUR 9.0 million on freehold buildings and EUR 0.4 million on extended stay hotels;
- In Slovakia, the decrease in fair value amounts to EUR 0.8 million mainly explained by Dunaj an rental property;
- In Luxembourg, the increase in fair value amounts to EUR 0.3 million on freehold building.

d) Transfers

Land banks – Changes in classification

The Group is not anymore the operator of the Vira camping in Suncani Hvar (Croatia). This asset is now rented out and as a consequence has been transferred from Hotels and Owner-occupied buildings to Investment Property for EUR 1.9 million.

The residential development of the Mezihori started in 2012 and the Group has already registered pre-sales. In consequence this asset has been transferred in Inventories of EUR 2.7 million.

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.

❖ In 2011

65 investment properties (EUR 824.7 million) financed by bank loans located in special purpose entities are fully pledged for EUR 558.4 million. The decrease by EUR -6.3 million for the investment properties presented in scope movements is related to the sale of Molcom (Russian portfolio) as disclosed in note 6 of the year end 2011 consolidated financial statements.

a) Investments / Acquisitions

During the year, the Group has invested EUR 8.2 million in investment property representing mainly capitalization on commercial development in Budapest. The main investment, on the Vaci 1 retail center (Budapest) has been partially financed by further loan drawdowns:

- EUR 6.2 million for the development of the Vaci 1 (commercial development in Budapest);
- EUR 0.8 million in the Czech Republic mainly on Na Porici (renting) for EUR 0.3 million and Doupovska (residential) for EUR 0.1 million;
- 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 12.2 million, for a total sale price of EUR 13.4 million out of which EUR 6.7 million have been used to repay the bank loan on Invalidenstrasse, with a total net gain compared to the December 2010 DTZ valuation amounting to EUR 2.5 million and composed mainly 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;
- Plachta Jih, a residential property in Czech Republic (NBV of EUR 0.9 million) at the sale price of EUR 1.7 million;
- Vinohrady, a residential property in Prague (NBV of EUR 2.0 million) at the sale price of EUR 2.0 million;
- Kolin a development property in Czech Republic (NBV of EUR 0.4 million) at the sale price of EUR 0.4 million.

c) Revaluation through the income statement

The movement in fair value of the assets relates mainly to freehold buildings and land bank:

- 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;
- In the Czech Republic, the increase in fair value amounts to EUR 8.5 million of which EUR 0.2 million on land banks and EUR 8.3 million on freehold buildings;
- In Poland, the increase in fair value amounts to EUR 5.4 million of which EUR 4.9 million on Freehold (including a EUR 3.2 million revaluation of Marki a logistic property), EUR 0.5 million on extended stay hotels and EUR -0.1million on land banks;
- In Hungary, the decrease in fair value amounts to EUR -5.7 million, of which EUR -6.0 million on freehold buildings and EUR 0.3 million on extended stay hotels;
- In Slovakia, the decrease in fair value amounts to EUR -2.0 million mainly explained by Dunaj an rental property;
- In Croatia, the increase in fair value amounts to EUR 0.8 million on land lank;
- In Luxembourg, the decrease in fair value amounts to EUR -0.3 million on freehold building.

d) Transfers

Freehold buildings – Main incoming assets

The Group stopped the sale process of 2 projects in Hungary which have been transferred from assets held for sale:

- Szervita Car Park for EUR 7.8 million;
- Szervita office building for EUR 7.2 million.

Freehold buildings – Main outgoing assets

The Group has decided to sell 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 2 land bank properties in Germany and Poland which have been transferred in assets held for sale:

- Przy Parku in Poland for EUR 3.4 million;
- Ackerstrasse 83-84 in Berlin for EUR 0.7 million.

List of major investment properties

	6 months to June 2012		12 months to December 2011	
	Revaluation	Fair value	Revaluation	Fair value
Freehold Buildings	**(6,533)**	**740,520**	**17,668**	**806,988**
Germany	**4,475**	**492,306**	**12,826**	**487,899**
Residential	-	-	1,860	-
Office	-	-	481	-
Mixed Retail & Office	4,475	492,306	10,485	487,899
Czech Republic	**(623)**	**109,809**	**8,070**	**179,299**
Residential	(75)	489	(67)	1,707
Office	(264)	21,680	5,098	89,830
Mixed Retail & Residential	-	-	14	460
Mixed Retail & Office	751	66,010	2,351	64,800
Industrial	(1,035)	21,630	674	22,502
Slovakia	**(775)**	**13,130**	**(1,978)**	**13,900**
Mixed Retail & Office	(775)	13,130	(1,978)	13,900
Hungary	**(9,011)**	**85,140**	**(6,035)**	**85,850**
Retail	(4,310)	44,680	(5,924)	44,510
Office	(1,203)	13,720	1,584	13,700
Mixed Office & Parking	(1,235)	10,690	(2,886)	10,870
Mixed Retail & Office	(2,049)	13,650	1,482	14,370
Hotel	(214)	2,400	(291)	2,400
Poland	**(909)**	**15,195**	**5,115**	**15,390**
Office	(198)	5,860	834	5,790
Mixed Logistics & Industrial	(711)	9,335	4,281	9,600
Luxembourg	**310**	**24,940**	**(330)**	**24,650**
Office	310	24,940	(330)	24,650
Land Bank	**1,580**	**39,077**	**1,145**	**39,472**
Czech Republic	**1,381**	**19,850**	**230**	**20,910**
Residential Development	1,408	14,400	1,249	15,490
Retail & Office Development	(2)	1,120	(216)	1,110
Land bank	(25)	4,330	(803)	4,310
Germany	**730**	**2,750**	**269**	**4,090**
Residential	-	2,750	320	2,750
Office Development	370	-	-	1,100
Retail & Office Development	360	-	(51)	240
Poland	**(527)**	**13,350**	**(123)**	**13,252**
Residential Development	(527)	13,350	(123)	13,252
Croatia	**(4)**	**3,127**	**769**	**1,220**
Land bank	(4)	3,127	769	1,220
Buildings under finance lease	**-**	**-**	**-**	**-**
Extended stay hotels	**(351)**	**25,980**	**747**	**25,870**
Buildings under construction	**-**	**-**	**-**	**-**

5 Hotels and owner-occupied buildings

Hotels and owner-occupied buildings	Owner-occupied Buildings	Prepaid operating leases	Hotels	TOTAL
GROSS AMOUNT				
Balance as at 31 December 2010	**117,237**	**2,164**	**189,496**	**308,897**
Scope variations	(102,964)	-	6	(102,957)
Investments / acquisitions	385	-	(279)	106
Disposal	-	-	(8)	(8)
Transfer	(4,247)	-	6,172	1,926
Translation differences	(3,735)	(87)	(5,392)	(9,213)
Balance as at 31 December 2011	**6,677**	**2,077**	**189,996**	**198,751**
Investments / acquisitions	64	-	32	96
Disposal	-	-	(615)	(615)
Transfer	-	-	(3,560)	(3,560)
Translation differences	13	20	1,491	1,524
Balance as at 30 June 2012	**6,754**	**2,098**	**187,344**	**196,195**
AMORTISATION AND IMPAIRMENT				
Balance as at 31 December 2010	**43,115**	**1,433**	**41,786**	**86,334**
Scope Variations	(39,989)	-	(21)	(40,010)
Amortisations - Allowance	184	3	1,238	1,425
Impairments - Allowance	116	-	9,622	9,738
Impairments - Write-Back	-	-	(2,332)	(2,332)
Transfer	294	-	3,525	3,819
Translation differences	(1,461)	-	(1,423)	(2,884)
Balance as at 31 December 2011	**2,260**	**1,436**	**52,395**	**56,091**
Amortisations - Allowance	14	1	558	574
Impairments - Allowance	32	-	815	847
Impairments - Write-Back	-	(34)	(2,082)	(2,116)
Transfer	(0)	-	(1,657)	(1,657)
Translation differences	7	2	413	422
Balance as at 30 June 2012	**2,313**	**1,405**	**51,850**	**55,568**
NET AMOUNT				
Balance as at 30 June 2012	**4,441**	**693**	**135,493**	**140,627**
Balance as at 31 December 2011	*4,417*	*641*	*137,601*	*142,660*
Balance as at 31 December 2010	*74,122*	*731*	*147,710*	*222,563*

❖ In 2012

24 assets (EUR 138.2 million) financed by bank loans in local special purpose entities are fully pledged for EUR 86.2 million.

The EUR 615 thousand of disposals disclosed in the Gross Amount is mainly explained by the sale of the Café Pjaca on the Island of Hvar.

The transfer of EUR 1.9 million (EUR 3.6 million of Gross Value less EUR 1.7 million of Amortization and Impairment) is explained by the change in classification of the Riva camping (see Note 4).

The impairment tests based on the DTZ valuation reported as at June 2012 led to the recognition of EUR 0.8 million of impairments, mainly related to the following hotels: Vienna (EUR 0.2 million), Andrassy (EUR 0.4 million) and Imperial (EUR 0.2 million).

Moreover, the impairment test led to the reversal of EUR 0.7 million of the impairment previously booked on the hotels, including the Riva hostel for EUR 0.6 million.

❖ In 2011

25 projects (EUR 140.3 million) financed by bank loans located in special purpose entities are fully pledged for EUR 86.4 million.

During the year, the Café Pjaca on the Island of Hvar has been transferred back from assets held for sale to the hotel portfolio, as the Group does not intend to sell this property on a short term basis (EUR 0.6 million).

Moreover, Capellen Orco house (EUR 2.9 million) is not anymore occupied by Orco since January 2011 and has consequently been transferred to investment property increasing the value of the rental project named Cappellen II.

The impairment tests based on the DTZ valuation reported as at December 2011 led to the recognition of the following impairments:

- Hotels: Amfora (EUR 4.7 million), Pharos (EUR 2.6 million), Vienna (EUR 0.9 million), Adriana (EUR 0.4 million), Dalmacija (EUR 0.4 million), Delfin (EUR 0.3 million) and Camp Vira (EUR 0.3 million);
- Owner-occupied building: Franklinstrasse 27 in Berlin (EUR 0.1 million).

Moreover, the impairment test led to the reversal of part of the impairment previously booked on the hotels: Riva (EUR 1.7 million), Riverside (EUR 0.3 million), Palace (EUR 0.2 million) and Sirena (EUR 0.1 million).

6 Non-Current Financial assets

6.1 Financial assets at fair value through Profit or Loss

This line includes mainly 3 financial assets:

- The fair value of the investment in the Endurance Real Estate Fund for Central Europe amounting to EUR 22.8 million (EUR 22.8 million in 2011).The Endurance fund managed by the Group is divided in three specialized sub-funds (see note 16). Two are investing in office investment properties and one is investing in residential developments and properties. These investments are accounted for at their fair value with change in fair value going through the income statement. The change in fair value recorded in 2012, based on the net asset value as provided by the fund Manager in its report as at 31 March 2012, with a liquidity discount of 20% (20% in 2011).
- The fair value of the 10% shareholding of the Group in the Filion retail center located in Moscow for an amount of EUR 6.1 million stable compared to December 2011. This shareholding results from the exchange at the beginning of 2011 with an advance payment that was previously recognized under the current assets.
- The non-eliminated portions of the equity loans (including accrued interest) granted to joint-ventures correspond to 50% of the loan granted to the hospitality joint-venture with real estate investment funds managed by AIG subsidiary. The profit participation loan granted to the joint venture holding company has been fair valued on the basis of management estimates of the expected cash flows from the loans and the specific credit spread depending on the loan characteristics and the legal entity benefiting directly from the loan. The fair value amounts to EUR 16.7 million as at 30 June 2012 (EUR 18.0 million in 2011).

6.2 Available-for-sale financial assets

This balance sheet caption is the Convertible Promissory Note related to the sale of Radio Free Europe, for EUR 9.4 million. The group has the option to convert the Promissory Note, at the earliest of several conditions including a period of conversion from May 2015 until due term in 2019, into 20% of the entity holding (L88 Companies) the Radio Free Europe building sold in May 2012. As the fair value of this unlisted instrument cannot be reliably measured, this asset is carried at cost with capitalized interests and annually reviewed to look for any indicator of impairment.

6.3 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, Molcom for EUR 37.9 million compared to EUR 39.7 million after repayment of EUR 1.8 million

7 Inventories

	June 2012	December 2011
Opening Balance	**382,279**	**418,957**
Net impairments	(19,557)	(8,626)
Transfers	2,736	1,004
Scope exit	9	(12,216)
Translation differences	5,450	(16,186)
Development costs	23,899	34,656
Cost of goods sold	(13,610)	(35,310)
Closing Balance	**381,206**	**382,279**

Inventories properties are developed with the intention to be resold.

❖ In 2012

5 projects (EUR 335.3 million) financed by bank loans located in special purpose entities are fully pledged for EUR 158.5 million.

Development costs amount to EUR 23.9 million capitalized mainly on Zlota 44 (EUR 15.8 million), Sky Office (EUR 2.2 million), Mezihori (EUR 1.5 million), Bubny (EUR 1.4 million) and Benice (EUR 1.1 million).

Cost of goods sold amounting to EUR 13.6 million have been registered mainly for EUR 9.9 million on the following residential projects: Koliba (EUR 3.9 million), Klonowa Aleja (3.0 million), Mostecka (EUR 1.1 million), Americka 11 (EUR 0.5 million), Feliz (EUR 0.5 million) and Benice (EUR 0.5 million).

Impairments allowances are mainly related to Sky Office in Dusseldorf for EUR 13.6 million, Koliba in Bratislava for EUR 2.1 million and Mostecka for EUR 1.9 million.

❖ In 2011

7 projects (EUR 339.5 million) financed by bank loans located in special purpose entities are fully pledged for EUR 164.9 million.

Development costs amount to EUR 34.7 million capitalized mainly on Zlota 44 (EUR 21.8 million), Bubny (EUR 4.7 million), Benice (EUR 2.5 million), Mostecka (EUR 1.6 million) and Sky Office (EUR 0.7 million).

Cost of goods sold amounting to EUR 35.3 million have been registered mainly for EUR 32.1 million on the following residential projects: Koliba (EUR 5.9 million), Mostecka (EUR 5.5 million), Klonowa Aleja (4.9 million), Benice (EUR 3.4 million), Kosic (EUR 2.6 Million), Feliz (EUR 2.1 million), Nove Dvory (EUR 2.1 million), Americka 11 (EUR 1.7 million), Bedrichov (EUR 1.0 million), Radotin (EUR 1.0 million) and Plachta III (EUR 0.9 million).

The scope exit is coming from the sale of Molcom for EUR 12.2 million, including Radishevskaya for EUR 10.9 million and EUR 1.4 million of others inventories.

Impairments have been recognized mainly on the following projects:

- Benice I & II: EUR 5.4 million;
- Mostecka: EUR 1.9 million;
- Vavrenova: EUR 0.7 million.

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

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

Assets held for sale	June 2012	December 2011
Opening Balance	**24,129**	**131,898**
Asset sales	(22,639)	(114,683)
Transfer in	2,083	22,897
Transfer out (*)	-	(15,589)
Translation differences	2	(394)
Closing Balance	**3,575**	**24,129**

(*) Due to changes in plans of sale.

Liabilities linked to assets held for sale	June 2012	December 2011
Opening Balance	**15,892**	**76,494**
Asset sales	-	-
Transfer in		16,313
Repayment of loans	(15,890)	(66,000)
Transfer out (*)		(10,470)
Translation differences	(2)	(445)
Closing Balance	**-**	**15,892**

❖ In 2012

As at 30 June 2012 the following assets were sold and transferred:

- in Germany: Kurfurstendamm 102 with a net book value of EUR 6.2 million and small assets for a net book value of EUR 6.7 million in Berlin and Hüttenstrasse in Dusseldorf for a net book value of EUR 6.5 million: liabilities financing Kurfurstendamm 102 for a value of EUR 6.4 million finally sold for a sales's price of EUR 6.1 million and Hüttenstrasse for a value EUR 4.3 million have been fully repaid upon sales of these assets.
- In Poland: Przy Parku for a net book value of EUR 3.2 million and EUR 5.6 million of liabilities fully repaid.

As at 30 June 2012 the assets held for sales include the asset Na Frantisku with a net book value of EUR 1.5 million and the new transfers Elb Loft in Hamburg with a net book value of EUR 1.5 million and Kufurstenstrasse 11 in Berlin with 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;
- 1 asset in Poland: land plot Przy Parku with a value of EUR 3.4 million and EUR 5.6 million of liabilities

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.

The sale plans of Szervita office and car park buildings with a total value of EUR 15.6 million and EUR 10.5 million of liabilities have been cancelled as the buyer was not willing anymore and reclassified accordingly

9 Cash and cash equivalents

As at 30 June 2012, the cash and cash equivalents consist of short term deposits for EUR 1.3 million (EUR 0.4 million as at 31 December 2011), cash in bank for EUR 42.4 million (EUR 36.6 million as at 31 December 2011) and cash in hand for EUR 0.2 million (EUR 0.2 million as at 31 December 2011).

Cash in bank include restricted cash amounting to EUR 27.6 million (EUR 14.2 million as at 31 December 2011), representing:

- Cash deposited in the Group's joint ventures as both parties' approval is needed for withdrawal, for EUR 2.6 million (EUR 4.2 million as at 31 December 2011);
- Cash deposited in escrow accounts pledged as collateral for development projects and lifted after sales of units, for EUR 5.6 million (EUR 2.2 million as at 31 December 2011);
- Cash deposited in escrow accounts pledged as collateral for loans related to the acquisition of property, for EUR 19.3 million (EUR 7.8 million as at 31 December 2011).

10 Non-controlling interests transactions

❖ In 2012

In January 2012, the joint venture company Kosic S.à.r.l. repaid part of the share premium to one of the joint venture partners, GECGE Kosik Investors S.à.r.l. for EUR 3.0 million, with a net impact on the consolidated reserves of the Group of EUR - 1.5 million.

❖ In 2011

In January 2011 a 100% subsidiary of ORCO Property Group S.A. bought 1.9 million shares and 1.0 million warrants of ORCO Germany S.A. for EUR 1.5 million from the former management of that company. This transaction resulted in a direct and indirect increase of the percentage of interest of the Group in Orco Germany S.A. and its subsidiaries from 58.94% to 62.84% and a net increase of the consolidated reserves group share of EUR 23.1 million.

The Company has issued on 22 September 2011 3 million ordinary new shares without nominal value ("New Shares") to funds advised by Morgan Stanley Real Estate Investing ("MSREI"). The New Shares, issued under the Company's authorized capital, were fully paid by the contribution in kind of MSREI's 14,100,000 shares in Orco Germany SA, 1,500,000 units in the Office I Sub-Fund of the Endurance Real Estate Fund and 1,404,276 units in the Residential Sub-Fund of the Endurance Real Estate Fund. The contribution in kind has been valued on the basis of the equity instruments granted at the date of issuance.The New Shares are assimilated with the existing ordinary shares of Orco and listed on the regulated market of Paris, Prague and Warsaw stock exchanges. This transaction resulted in a direct and indirect increase of the percentage of interest of the Group in Orco Germany S.A. and its subsidiaries from 62.84% to 91.56% and a net increase of the consolidated reserves group share of EUR 9.9 million.

In the 1st quarter of 2011 the Company capitalised the equity loan granted to Orco Property s.p.z.o.o. This transaction resulted in a direct and indirect increase of the percentage of interest of the Group in that company holding the Zlota 44 project from 75.0% to 95.5% and a net increase of the consolidated reserves group share of EUR 0.9 million.

Kosic s.à r.l. owned at 50% by the Group repaid part of its share premium to the Company without change of ownership leading to a net increase of the consolidated reserves group share of EUR 0.9 million.

11 Borrowings, bank loans, bonds and derivatives

At 30 June 2012, the long term amortized cost of bank loans amounts to EUR 217.4 million (see note 11.2) and the short term amortized cost of bank loans amounts to EUR 566.6 million (see note 11.4) have together an estimated fair value of EUR 780.1 million.

11.1 Non-current bonds

Non-current bonds	Convertible bonds	Non Convertible bonds	TOTAL
Balance at 31 December 2010	**57,109**	**178,558**	**235,667**
Own bonds	1,466	8,307	9,773
Interest	13,614	24,250	37,864
Transfer to Short term	(7,806)	(112,118)	(119,924)
Balance at 31 December 2011	**64,383**	**98,995**	**163,378**
Own bonds	-	(25)	(25)
Repayment	-	(191)	(191)
Interest	-	17,954	17,954
Refinancing 85% OG Bonds based on the facial value	-	109,118	109,118
Transfer from non current bonds OG Bonds - OPG part to equity loan	-	(109,118)	(109,118)
Transfer from ST to long term	7,806	34,378	42,184
Balance at 30 June 2012	**72,189**	**151,112**	**223,300**

❖ In 2012

Negotiations with OG (Orco Germany SA) and OPG 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. General meetings, held end of April and beginning of May have all duly and overwhelmingly voted in favor of the restructuring. The request for modification of OPG Safeguard plan has been circularized to all the Safeguard creditors to approve or not the new terms (as none of them apart from the bondholders approved, they will continue to be served under the 19 May 2010 repayment schedule). The Paris Commercial Court approved on 21 May 2012 OPG's request to modify its Safeguard plan in order to implement the bonds' restructuring plan.

As a result of the approval of all bondholders' general assemblies, only one scenario of the joint agreement is applicable, i.e. approximately 90% of the OPG bonds will be converted into approximately 65 million OPG shares, the remaining OPG bonds can be exchanged for EUR 55.2 million in newly issued OPG bonds (the "New Notes") and approximately 85% of the OG bonds are converted into OPG issued bonds convertible into shares which will in turn be repaid with 26 million OPG shares, the remaining OG bonds can be exchanged for EUR 20 million in New Notes.

As at the date of publication of this report, approximately 85% of the OG bonds have already been converted into OPG issued bonds convertible into shares which were in turn partially repaid with 18 million OPG shares, bringing the total number of OPG shares issued to 35 million. The remaining OG bonds can be exchanged for EUR 20 million in New Notes issued by OPG. After this last transaction and the conversion by OPG of the OG bonds exchanged into OG shares, OG will no longer have any bond liability if all remaining 15% OG bonds are exchanged for new notes.

The EUR 75 million New Notes to be issued by OPG upon the voluntary exchange of the remainder of the OPG and OG bonds will have a maturity in 2018 and will bear an annual interest consisting of a combination of cash interest (decreasing from 5% to 4% upon repayment of at least 50% of the principal) and payment-in-kind interest (decreasing in steps from 5% to 3% upon repayment of 50% and 75% of the principal). The principal will be repaid in four annual payments in 2015, 2016, 2017 and 2018. The total amount of New Notes will therefore be EUR 75 million, all of them bearing the same characteristics and rights. The New Notes will benefit from a 25% cash sweep from net sale proceeds on selected assets, which will correspondingly reduce the subsequent annual repayment. This cash sweep is seen as essential to give flexibility to the Group in the implementation of its asset sales program under the current very challenging economic conditions.

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 Notes) 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.

OPG has acquired 85% of the bonds issued by its fully consolidated subsidiary. The consideration given in exchange is a convertible bond redeemable in two tranches:

- The first tranche has been automatically redeemed a few days after issuance in OPG shares at agreed price.
- The second tranche will be converted into OPG shares at agreed price if certain conditions relating to the OPG bonds restructuring are met. Such conditions are considered to be met after the approval of the restructuring by the OPG shareholders' general meeting held on 28 June 2012.

The acquired bonds are intercompany liabilities and as such eliminated in the consolidation process. The Obligations Convertibles en Actions (OCA) issued as consideration is in fact a bond redeemable in shares. 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 OPG 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 33.1 million is recognized directly in financial income. The liability part of the first tranche of the OCA is close to zero as there will never be any cash payment. Would the repayment in shares not take place, the net present value of the second tranche is close to zero as it is a bond cumulating an interest of 0.01% per annum with an indefinite term while the actual credit margin attributable to OPG before its Safeguard bonds' restructuring is above 20%.This transaction results in the recognition at issuance of an increase of the consolidated equity for EUR 109.1 million out of which EUR 50.1 million of capital increase based on market value for the first repayment as of 14 May 2012 with 18.361.548 new OPG shares.

In the framework of the OG and OPG bonds' restructuring the majority of the OG shares held by OPG have been pledged in the favor of the OG bondholders. Such pledge would be exercisable if the ongoing restructuring of the OPG bonds would not be implemented as voted by the May and June Bonds' and shareholders assemblies.

The remaining 15% of OG bonds not eliminated in the consolidated accounts 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

On 16 September 2011, the Commercial Court of Paris issued three orders (each order related to an original bond) specifying the interpretation of the bonds accepted liability. Based on the bondholder declaration to the Court and the order of acceptance issued, the interest should not be accrued after the initial redemption term.

This order is decreasing the Safeguard liability of the tranches initially redeemable in 2010, 2012, 2013 and 2014.

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

Based on that Court decision the Company decided to integrate in the total Bond liability the redemption premium of EUR 10.0 million on the Bonds initially redeemable in 2010 – that was unconditionally accepted as part of the Safeguard liability while initially it was submitted to a minimum market price for the company shares that were traded in November 2010.

As a result total Safeguard liability on the Bonds issued by the Company decreased by 47.1 million.

Main impacts based on Commercial Court decision on 16 September 2011 are:

- Calculate for each original bond the new effective interest rate;
- Determine for each original bond the reduced repayment schedule.

The specific effective rate and updated repayment schedules are shown hereafter.

Repayment schedule for interests and principal according to Safeguard Plan (based on Commercial Court of Paris decision on 16 September 2011) excluding any potential deduction due to own bonds:

EUR	30 April 2012	30 April 2013	30 April 2014	30 April 2015	30 April 2016	30 April 2017	30 April 2018	30 April 2019	30 April 2020	Total
Principal	3,437	10,396	25,646	24,989	25,311	51,155	71,874	102,960	190,275	506,043
Interest	19,104	12,672	7,796	841	520	505	450	361	220	42,468
Total	22,541	23,068	33,442	25,830	25,830	51,660	72,324	103,321	190,494	548,511

Repayment schedule for interests and principal according to the Safeguard Plan before changes on 16 September 2011 excluding any potential deduction due to own bonds:

EUR	30 April 2012	30 April 2013	30 April 2014	30 April 2015	30 April 2016	30 April 2017	30 April 2018	30 April 2019	30 April 2020	Total
Principal	3,433	7,544	22,804	17,011	19,020	48,526	72,996	109,783	194,870	495,988
Interests	19,788	16,436	13,289	11,561	10,158	9,288	8,384	6,662	4,016	99,584
Total	23,222	23,980	36,094	28,572	29,178	57,814	81,380	116,445	198,886	595,572

While the original effective rate was established at 23.1% for all Bonds issued by the Company, it is now determined specifically for each Bond with a weighted average of 21.2%.

As at 31 December 2011, the fair value of the bonds, valued by Management, amounts to EUR 168.3 million for the termed out bonds and to EUR 118.2 million for Orco Germany bonds.

	Carrying value of termed out bonds	Fair value of termed out bonds	Carrying value of OG bonds	Fair value of OG bonds
Bonds	185,764	168,278	97,777	95,334
Derivative instruments on bonds	-	-	22,914	22,914
Bonds as at 31 December 2011	185,764	168,278	120,691	118,248

11.2 Non-current bank loans and other borrowings

Non-current financial debt	Bank loans	Other non-current borrowings	TOTAL
Balance at 31 December 2010	509,885	17,106	526,991
Issue of new loans and drawdowns	29,816	535	30,351
Repayments of loans	(29,602)	(166)	(29,768)
Sales of Russian non hospitality activties	(17,126)	-	(17,126)
Transfers	(269,371)	1,073	(268,298)
Translation differences	(1,688)	(1,237)	(2,925)
Balance at 31 December 2011	221,914	17,311	239,225
Issue of new loans and drawdowns	-	208	208
Repayments of loans	(39,755)	(3,513)	(43,268)
Transfers	33,289	(434)	32,855
Translation differences	1,966	645	2,610
Balance at 30 June 2012	217,414	14,217	231,630

❖ In 2012

Repayments of loans for EUR 39.8 million relate mainly from Radio Free Europe (EUR 37.7 million) and Benice (EUR 1.6 million)

During the first half of the year, transfers of bank loans for EUR 33.3 million are mainly due to the new loan agreement achieved for the financing Na Porici for EUR 31.7 million till December 2016.

Other non-current borrowings are mainly equity loans from joint ventures and loans from partner companies.

❖ In 2011

Issue of new bank loans and drawdowns (EUR 29.8 million) relates mainly to the refinancing of Molcom (EUR 16.8 million) and Szervita (EUR 9.9 million).

Repayments of bank loans (EUR 29.6 million) are mainly related to assets / share deals and changes of bank loan contracts:

- Repayment of the loan related to Molcom (EUR 12.3 million);
- Reimbursement of Szervita bank loan (EUR 10.2 million) due to the merger of the three credit lines;
- Sale of Brunnenstrasse (EUR 2.8 million);
- Partial Reimbursement of Gebauer Hofe bank loan (EUR 2.2 million) and Mostecka bank loan (EUR 0.9 million).

Transfers of bank loans (EUR 269.4 million) are mainly due:

- Reclassifications of bank loans, that will fall due within twelve months (EUR 352.7 million) of which GSG for EUR 300.0 million and Na Porici for EUR 38.7 million;
- Reclassification of bank loans due to breach of covenants (EUR 4.7 million) from long term to short term;
- Reclassification of bank loans linked to assets held for sales (EUR 5.4 million) from long term to short term in Germany with Ku-Damm 102;
- 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 48.1 million and prolongation of bank loans which were expiring within one year as at 31 December 2010 and reclassified as at 31 December 2011 in long term debt for EUR 42.8 million after successful renegotiation.

The EUR 13.6 million bank loan of Stein has been derecognized in 2010 as the company has been deconsolidated due to bankruptcy process. The guarantee given by Orco Property Group S.A. is still valid and has been exercised by the lending bank but due to the application of the Safeguard plan, the repayment schedule will follow the one of the Safeguard Plan. In this context, the Net Present Value of the guarantee has been recognized for EUR 0.9 million as a provision.

Other non-current borrowings are mainly related to equity loans from joint ventures and partner companies as in Poland for EUR 6.0 million (Zlota for EUR 2.6 million, Szczecin EUR 2.3 million and Jozefoslaw for EUR 0.8 million) in the Czech Republic for EUR 4.4 million (Benice for EUR 2.8 million, Praga for EUR 1.6 million) and Hospitality for EUR 6.3 million (EUR 0.3 million corresponding to increase in fair value of the loan).

11.3 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	**388,326**	**76,494**	**956**	**465,776**
Issue of new loans and drawdowns	9,918	-	417	10,335
Sales of Russian rental & development operations	(856)	-	-	(856)
Repayments of loans	(34,992)	(66,000)	(24,411)	(125,403)
Transfers	265,807	5,841	23,459	295,107
Translation differences	(7,736)	(445)	(53)	(8,234)
Balance at 31 December 2011	**620,467**	**15,890**	**368**	**636,725**
Issue of new loans and drawdowns	13	-	272	285
Repayments of loans	(25,253)	(15,890)	(1,397)	(42,534)
Transfers	(32,020)	-	920	(31,106)
Translation differences	3,179	-	14	3,193
Balance at 30 June 2012	**566,386**	**-**	**177**	**566,563**

The repayments of bank loans (EUR 25.0 million) are mainly related to GSG (EUR 14.6 million), Koliba (EUR 3.0 million), the sale of Radio Free Europe (EUR 1.6 million), land plots in Berlin (EUR 1.3 million), Sky Office (EUR 1.4 million), Mostecka (EUR 0.9 million) and to the hospitality assets (EUR 0.7 million).

During the first half of the year transfers of bank loans (EUR 31.9 million) are mainly due to the new loan agreement achieved for the financing Na Porici (EUR 31.7 million) till December 2016.

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

Current bonds	Convertible bonds	Non Convertible bonds	TOTAL
Balance at 31 December 2011	**7,776**	**112,148**	**119,924**
Own bonds	-	-	-
Interests	-	2,323	-
Repayment of bonds	-	(191)	(191)
Transfer from short term of bonds under restructuring to LT	(7,776)	(114,282)	(122,058)
Balance at 30 June 2012	**-**	**-**	**-**

❖ In 2011

The issuance of new loans mainly relates to further drawdowns on Sky Office and Vaci 1 credit lines (respectively for EUR 1.3 million and EUR 7.9 million).

The repayments of bank loans (EUR 108.4 million) are mainly related to sale of investment properties, land plots and residential development units:

- In Germany: Leipziger Platz (EUR 66.0 million), Invalidenstrasse (EUR 3.9 million), Sky Office (EUR 2.0 million);
- In Hungary: Vaci 188 (EUR 6.7 million) and Vaci 190 (EUR 0.7 million): The two assets were auctioned during the period by the lending Bank and taken over by the Group itself. The loans were partially repaid for the sales price (EUR 7.5 million) as defined in the agreement between the companies financing the assets and the Group. The remaining balances of the loans are still integrated in the consolidated accounts for an amount of EUR 15.0 million but as there is no real asset in the specific entities they will probably be bankrupted in 2012;
- In the Czech Republic with Mostecka (EUR 6.8 million);
- In Slovakia: Koliba (EUR 5.9 million);
- In Russia: Molcom (EUR 2.5 million) ;
- In Poland: Klonowa (EUR 2.6 million).

The transfers of bank loans from long term (EUR 265.8 million) are mainly explained as follow:

- Reclassification of bank loans, that will fall due within twelve months (EUR 352.7 million) of which GSG for (EUR 300.0 million) and Na Porici (EUR 38.7 million);
- Reclassification of bank loans due to breach of covenants for EUR 1.9 million and assets held for sales for EUR 11.5 million from long term to short term;
- 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 48.1 million and renegotiation of bank loans which were expiring within one year as at 31 December 2010 and reclassified as at 31 December 2011 as long term debt for EUR 42.8 million
- Reclassification of bank loans linked to asset held for sales (EUR-8.1 million) from long term to short term in Germany with Hüttenstrasse (EUR 4.3 million) and in Poland with Przy Parku (EUR 3.8 million).

In Germany and Croatia, bank loans for a total amount of EUR 150.9 million are classified as short term liabilities and do not present as of today a fully secured refinancing or repayment solution. Nevertheless, negotiations for such refinancing or repayment through the sale of the asset are sufficiently advanced.

11.4 Borrowings maturity

At 30 June 2012	Note	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total	Unaccrued liabilities
Non-current bonds							
		-	**22,627**	**100,839**	**99,834**	**223,300**	**203,991**
Convertible bonds	11.1		9,010	46,613	33,956	89,579	90,307
Non Convertible	11.1	-	13,617	54,226	65,878	133,721	113,684
Financial debts		-	**89,425**	**118,535**	**23,671**	**231,631**	
Bank loans	11.2	-	89,425	118,535	9,454	217,414	
Bank loans fixed rate		-	539	1,535	7,745	9,819	
Bank loans floating rate		-	88,886	117,000	1,709	207,595	
Other non-current borrowings		-	-	-	14,217	14,217	
Total		-	**112,052**	**219,374**	**123,504**	**454,930**	
Current bonds							
Bonds		-	-	-	-	-	
Convertible bonds	11.3	-		-	-	-	
Non Convertible	11.3			-	-	-	
Financial debts		**566,563**	-	-	-	**566,563**	
Bank loans	11.3	566,386	-	-	-	566,386	
Bank loans fixed rate		15,168	-	-	-	15,168	
Bank loans floating rate		551,218	-	-	-	551,218	
Other borrowings		177	-	-	-	177	
Liabilities linked to assets held for sale		-	-	-	-	-	
Total		566,563	-	-	-	**566,563**	
TOTAL		**566,563**	**112,052**	**219,374**	**123,504**	**1,021,493**	

❖ In 2012

The Group has entered into interest rate derivatives representing 22.1% of the non-current floating rate borrowings (54.3% in 2011) and 7.9% of the current floating rate borrowings (51.3% 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 0.761 billion (0.842 billion as at 31 December 2011).

The interests on bank loans decreased from EUR 23.6 million as at 30 June 2011 to EUR 19.8 million as at 30 June 2012 mainly due to the total or partial redemption upon assets and development sales in 2012.

❖ In 2011

The Group has entered into interest rate derivatives representing 54.3% of the non-current floating rate borrowings (81.2% in 2010) and 51.3% of the current floating rate borrowings (21.7% in 2010), in order to limit the risk of the effects of fluctuations of market interest rates on its financial position and future cash flows. Most floating interest debt instruments have a fixing period of maximum 3 months.

Bank loans include amounts secured by a mortgage on properties with a value of EUR 0.842 billion (0.969 billion as at 31 December 2010).

The interests on bank loans decreased from EUR 59.6 million as at 31 December 2010 to EUR 48.8 million as at 31 December 2011 mainly due to the total or partial redemption upon assets and development sales in 2011.

As agreed with the Banks EUR 5.0 million of late and penalty interests related to Suncani Hvar hotels have been cancelled. This profit is presented in reduction of the interests expenses of the period.

At 31 December 2011	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	TOTAL	Unaccrued liabilities
Non-current						
Bonds	-	**22,672**	**83,919**	**56,789**	**163,380**	**230,536**
Convertible bonds (*)	-	9,010	42,782	20,856	72,648	101,929
Non Convertible (**)	-	13,662	41,137	35,933	90,732	128,608
Financial debts	**-**	**48,634**	**133,166**	**57,425**	**239,225**	
Bank loans	-	48,634	133,166	40,114	221,914	
Bank loans fixed rate	-	401	1,488	8,124	10,013	
Bank loans floating rate	-	48,233	131,678	31,990	211,901	
Other non-current borrowings	-	-	-	17,311	17,311	
TOTAL - NON CURRENT	**-**	**71,306**	**217,085**	**114,213**	**402,604**	
Current						
Bonds	**119,924**	**-**	**-**	**-**	**119,924**	
Convertible bonds (*)	8,921	-	-	-	8,921	
Non Convertible (**)	111,003	-	-	-	111,003	
Financial debts	**620,835**	**-**	**-**	**-**	**620,835**	
Bank loans	620,467	-	-	-	620,467	
Bank loans fixed rate	9,825	-	-	-	9,825	
Bank loans floating rate	610,642	-	-	-	610,642	
Other borrowings	368	-	-	-	368	
Liabilities linked to assets held for sale	**15,891**	**-**	**-**	**-**	**15,891**	
Bank loans floating rate	7,777	-	-	-	7,777	
Bank loans fixed rate	5,491	-	-	-	5,491	
Swaps	824	-	-	-	824	
Accrued interests	1,799	-	-	-	1,799	
TOTAL - CURRENT	**756,649**	**-**	**-**	**-**	**756,649**	
TOTAL	**756,649**	**71,306**	**217,085**	**114,213**	**1,159,253**	

11.5 Loans with covenant breaches

	As at 30 June 2012			As at 31 December 2011		
	Principal	Accrued Interest	Total	Principal	Accrued Interest	Total
Long term loans presented in ST						
due to Financial covenant breach	-	-	-	24,981	-	**24,981**
due to Non repayment	-	-	-	40,285	-	**40,285**
due to Administrative breach	-	-	-	0	-	**0**
due to Financial and administrative breach and/or non repayment	-	-	-	0	-	**0**
Total LT loans presented in ST	-	-	-	65,266	-	**65,266**
Short term loans in breach						
due to Financial covenant breach	15,182	422	**15,604**	942	0	**942**
due to Non repayment	9,066	4,640	**13,706**	63,387	6,685	**70,072**
due to Financial and administrative breach and/or non repayment	-	-	-	15,182	91	**15,273**
Total ST loans in breach	24,248	5,062	**29,310**	79,511	6,776	**86,287**
Total loans linked to assets held for sale	-	-	-	7,777	3,995	**11,772**
Total Loans in Breach	**24,248**	**5,062**	**29,310**	**152,554**	**10,771**	**163,325**

While as at December 2011 EUR 65.3 million of long term were presented as short term are mainly composed of the Suncani Hvar long term part loan for EUR 40.3 million and Paris Department Store for EUR 15.8 million respectively due to non-repayment and due to breach of financial covenants, as at 30 June 2012 those breaches have been solved through the signature of stand-still agreements.

The decrease of the short term is mainly due to the signature of agreements on Vaci I (EUR 40.1 million) and the Szervita buildings (EUR 9.8 million) in Hungary and Marki (EUR 3.8 million) in Poland.

The short term loans in breach due to financial covenant breach are composed of the loans financing the two assets Vaci 188 and Vaci 190 and the short term due to non-repayment are composed of the two polish plots in Jozefoslaw and in Szcecin.

Over the period the loans financing the assets classified in held for sales as at 31 December 2011 have been fully repaid upon the sales of Przy Parku and Hüttenstrasse.

12 Other net financial results

	6 months 2012	6 months 2011
Change in carrying value of liabilities at amortised cost	32,760	-
Change in fair value and realised result on derivative instruments	1,426	3,848
Change in fair value and realised result on other financial assets	(1,897)	1,680
Other net finance gains or losses	(1,298)	44
Total	**30,991**	**5,572**

Change in carrying value of liabilities at amortized cost are composed of EUR 33.1 million corresponding to the difference between the market value of the OCA as at 09.05.2012 and the book value of the 85% of OG bonds acquired by OPG as described in the note 11.4 "Non-current bonds".

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 3.8 million composed of EUR 4.6 million of gain related to the expiration of the swap contract as for GSG and EUR 0.8 million of losses on market to market actualization.

Change in fair value and realized result on other financial assets are relate to:

- Losses on revaluation of the investment in Endurance Fund for EUR 0.6 million,
- Loss on PPL reevaluation for EUR 1.3 million.

Other finance charges are mainly composed of bank expenses as bank loan and credit card commissions.

13 Earnings per share

	30 June 2012	30 June 2011
At the beginning of the period	**16,737,951**	**13,964,411**
Shares issued	17,053,866	14,053,866
Treasury shares	(315,915)	(89,455)
Weighted average movements	**4,728,973**	**(244,805)**
Issue of new shares	4,728,725	
Treasury shares	247	(244,805)
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**21,466,924**	**13,719,606**
Dilutive potential ordinary shares	**7,848,081**	**1,086,956**
Bonds redeemable in shares	7,848,081	1,086,956
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**29,315,005**	**14,806,562**
Net profit/(loss) attributable to the Equity holders of the Company	**(7,002)**	**(7,503)**
Effect of assumed conversions / exercises	**-**	**6,578**
Convertible bonds	-	6,578
Net profit /(loss) attributable to the Equity holders of the Company after assumed conversions / exercises	**(7,002)**	**(925)**
Basic earnings in EUR per share	(0.33)	(0.55)
Diluted earnings in EUR per share	(0.24)	(0.06)

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

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

14 Equity holders

14.1 Share capital

	Number of shares	Capital	Share premium
Balance at 31 December 2010	**14,053,866**	**57,621**	**403,988**
Capital increase	3,000,000	12,300	14,700
Balance at 31 December 2011	**17,053,866**	**69,921**	**418,688**
Capital increase	18,361,540	75,283	710
Balance at 30 June 2012	**35,415,406**	**145,204**	**419,398**

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:

The Company's Extraordinary General Meeting of 28 April 2011 granted to the Board of Directors, authorization to increase the Company's share capital in accordance with article 32-3 (5) of Luxembourg corporate law.

The Board of Directors was granted full power to proceed with the capital increases within the revised authorized capital of EUR 410,000,000 under the terms and conditions it will set, with the option of eliminating or limiting the shareholders' preferential subscription rights as to the issuance of new shares within the authorized capital.

The Board of Directors is authorized, during a period of five (5) years from the date of the general meeting of shareholders held on 28 April 2011, without prejudice to any renewals, to increase the issued capital on one or more occasions within the limits of the authorized capital. The Board of Directors is authorized to determine the conditions of any capital increase including through contributions in cash or in kind, among others, the conversion of debt into equity, by offsetting receivables, by the incorporation of reserves, issue premiums or retained earnings, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible into or repayable by or exchangeable for shares (whether provided in the terms at issue or subsequently provided), or following the issue of bonds with warrants or other rights to subscribe for shares attached, or through the issue of stand-alone warrants or any other instrument carrying an entitlement to, or the right to subscribe for, shares.

As at the end of 2011, the Board of Directors still had a potential of EUR 340,079,149.40 at its disposal. Considering that all new shares shall be issued at the minimum at par value amounting to EUR 4.10, a maximum total of 82,946,134 new shares may still be created.

The Extraordinary Meeting held on the 28th of June 2012 unanimously approved the Company's proposal to increase its authorized share capital by an additional EUR 63,582,861.50, which equates to 15,508,015 shares. As such, the Company can substitute approximately 89.9% of its bonds into new shares of the Company, issue new shares as the second payment on the bonds convertible into shares issued to former ORCO Germany bondholders and issue new shares to non-bondholder creditors under the Company's Safeguard plan. The Extraordinary meeting also decided to have sufficient authorized share capital to timely issue shares in the event existing warrant holders exercise their warrants.

Thus, on the 30 of June 2012, the authorized share capital amounts to EUR 476,582,861.50.

❖ In 2012

The company issued on 14 May 2012 18,361,540 new ordinary shares as a first payment on the Obligations Convertibles en Actions issued by OPG on 9 May 2012 against the contribution of approximately 84.5% of the Orco Germany bonds (see note 11.1). OPG's share capital has increased from EUR 69,920,850.60 represented by 17,053,866 shares to EUR 145,203,164.60 represented by 35,415,406 shares.

The new shares cannot be publicly traded until a prospectus has been approved by the CSSF. Upon approval of the prospectus, the new shares will be fully fungible with the existing shares of OPG and the procedure for admission to trading of the new shares on the regulated markets of the Paris, Prague and Warsaw stock exchanges will commence. The new shares carry the same voting rights as the existing shares.

Moreover, the Extraordinary Meeting of the 28 June 2012 unanimously approved the increase of the share capital from its current value of EUR 145,203,164.60 by an amount of up to EUR 266,500,000 through the creation and issue of up to 65 million new shares of the Company, against the conversion and contribution in kind to the Company of approximately 89.9 % of the bonds issued by the Company valued at approximately EUR 493.3 million.

❖ In 2011

The Company issued on 22 September 2011 3 million ordinary new shares without nominal value ("New Shares") to funds advised by Morgan Stanley Real Estate Investing ("MSREI"). The New Shares, issued under the Company's authorized capital, were fully paid by the contribution in kind of MSREI's 14,100,000 shares in Orco Germany SA, 1,500,000 units in the Office I Sub-Fund of the Endurance Real Estate Fund and 1,404,276.226 units in the Residential Sub-Fund of the Endurance Real Estate Fund. The New Shares are assimilated with the existing ordinary shares of Orco and listed on the regulated market of Paris, Prague and Warsaw stock exchanges.

With this transaction, the number of Company's shares issued is increased to 17,053,866 shares.

The regulated market of the Budapest Stock Exchange (the "BSE") resolved to remove the Company shares from its product list. After 1 December, 2011 the Shares were delisted and removed from the BSE product list. The Shares will remain listed and tradable on the regulated markets of NYSE Euronext Paris, Prague Stock Exchange, and Warsaw Stock Exchange.

As at 31 December 2011, the Group holds 315,915 treasury shares, 1,472 warrants 2014 and 546 warrants 2012.

14.2 Employee stock options

All existing stock options granted to employees on the 3 of March 2006 were cancelled during 2012.

Movements in the number of share options:

	2012		2011	
	Average exercice price in EUR	Number of options	Average exercice price in EUR	Number of options
Outstanding at the beginning of the year	**75.60**	**60,000**	**75.60**	**60,000**
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled	**(75.60)**	**(60,000)**	-	-
Outstanding at the end of the year	**0.00**	**0**	**75.60**	**60,000**

14.3 Dividends per share

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

15 Capital and other commitments

Capital commitments

Orco Property Group S.A. entered into a Subscription Agreement with the Endurance Real Estate Fund for Central Europe. The Group subscribed to the three existing sub-funds. As at 30 June 2012, the remaining balances to be called amount to:

- EUR 19.0 million out of EUR 36.9 million subscribed for the residential sub-fund;
- EUR 3.4 million out of EUR 42.0 million subscribed for the office sub-fund;
- EUR 32.5 million out of EUR 35.0 million subscribed for the office II sub-fund (EUR 33.1 million out of 35.0 million in 2011).

As a developer of buildings and residential properties, the Group is committed to finalize the construction of properties in different countries. The commitments for the projects started as at June 2012 amount to EUR 0.1 billion as in December 2011. This does not take into account the potential investments in future projects like Bubny in Prague or hotels to be refurbished in Suncani Hvar.

End of 2007, the Group entered into an agreement for the acquisition of a retail building under construction to be delivered in 2009. This engagement of USD 300 million is covered by an advance payment of USD 25 million. This advance payment recorded in the consolidated financial statements as a long term receivable amounts to EUR 6.4 million (fully impaired as at December 2009). This impairment was partially reversed in 2010 on the basis of the Net Asset Value of the entity holding the project, for which a 10% shareholding will be exchanged with the advance payment).

Bank loans covenants (see note 11.5)

16 Related party transactions

Transactions with key management personnel

(a) Remuneration of key management personnel

The members of the Board of Directors of the Company and of the Executive Committee are considered as the key management personnel of the Group. In 2011, the Executive Committee was made of 7 people. After one departure in 2012, the Executive Committee is made of 6 members.

A total compensation given as short term employee benefits to the members of the Executive Committee for the year 2012 amounted to EUR 1.9 million (EUR 2.6 million for the same period in 2011). In 2011, this compensation included an amount of EUR 750 thousand paid in cash with the obligation to reinvest immediately in the acquisition from the Company of treasury shares. As at 30 June 2012 the cumulated balance to be paid at the termination of the contract of current executive board members amounts to EUR 0.5 million (EUR 0.5 million as at December 2011).

(b) Other transactions with key management personnel

Over 2012, no sales of asset with members of the Executive Committee were closed. Over 2011, one apartment was sold to a member of the Board of Directors for a total amount of EUR 305 thousand at no discount.

Transactions with the Endurance Real Estate Fund

Orco's remuneration from the Office, Office II and residential sub-funds amounting to EUR 2.0 million in 2012 (EUR 1.6 million over the same period in 2011) is linked to:

- the placement fee of a maximum of 2.5% of the committed funds of the investors;
- the management fee of 2% per year calculated on the called subscriptions;
- the transaction fee of 1% calculated on the value of the assets bought or sold by the fund.

As at 30 June 2012, open invoices for unpaid management fees owed by Endurance Fund to the management company amounted to EUR 0.8 million (EUR 4.3 million as at December 2011).

17 Litigations

On 10 June 2010, a third party filed an opposition with the Commercial Court of Paris regarding the 19 May 2010 judgment approving the Company's Safeguard plan. This third party opposition was filed by Maitre François Kopf attorney for bondholder representative for the "OBSAR 2012"(ISIN FR0010249599), "convertible 2013" (ISIN FR0010333302), and "OBSAR 2014" (ISIN XS0291838992 and XS029184062). This third party opposition contests the maximum bond liability to be reimbursed within the Safeguard plan.

On 17 May 2011, the bondholders' representative filed a request to the juge commissaire to obtain an interpretation of the juge commissaire's admission of the bond debt. The requests were pleaded in front of the juge commissaire on 21 June 2011. The decision was rendered in September 2011. The juge commissaire denied third party requests and stated that the 26 October, 2009 decisions did not need to be reviewed. As such, the overall bond debt remained the same.

The general meetings of the 2010, 2013 and 2014 OPG bondholders held in April 2012 resolved to finally and definitely waive and withdraw the current lawsuits against OPG and not to make any further challenges regarding its Safeguard plan upon approval of the prospectus on the listing of the new OPG shares and of their issuance by the OPG shareholder general meeting. The bonds' restructuring has for principal object to reduce the total amount of EUR 548.5 million of total bonds Safeguard liability by converting 90% of it into shares and into a new note for the remaining portion.

The French market regulation authority (AMF, Autorité des Marchés Financiers) is challenging some elements in the financial communication of the Company over the second half of 2008. The Company has had the opportunity to present its arguments and defense. It is not expected that the outcome of this proceeding would have a material impact on the Group financial position.

18 Events after balance sheet date

18.1 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.

18.2 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").

Index of the notes to the condensed consolidated interim financial information