

**ORCO PROPERTY GROUP S.A.**  
**Société Anonyme**

R.C.S. Luxembourg B 44.996

INTERIM FINANCIAL INFORMATION  
AND REVIEW REPORT  
OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

30 NOVEMBER 2011

42, rue de la Vallée

L-2661 Luxembourg

R.C.S. Luxembourg B 44.996

**TABLE OF CONTENTS**

	Page
REVIEW REPORT OF THE RÉVISEUR D'ENTREPRISE AGRÉÉ	1
INTERIM FINANCIAL INFORMATION	
- Interim balance sheet	2
- Interim statement of income	3
- Notes to the interim financial information	4 - 8

To the Board of Directors of  
**Orco Property Group S.A.**  
42, rue de la Vallée  
L-2661 Luxembourg

R.C.S. Luxembourg B 44996

## REVIEW REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

### *Introduction*

We have reviewed the accompanying interim financial information of Orco Property Group S.A. as at November 30, 2011 and for the period from January 1, 2011 to November 30, 2011 which comprises an interim balance sheet of Orco Property Group S.A. as at November 30, 2011 and the related interim statement of income for the eleven-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the recognition and measurement principles of IAS 34, as adopted in the European Union. This interim financial information does not purport to be a full set of condensed interim financial information, in compliance with the disclosure requirements of IAS 34, as adopted in the European Union, since it does not include an interim statement of changes in equity, a statement of cash-flows and the explanatory notes only include a note on going concern and on valuation of financial assets. Our responsibility is to express a conclusion on the above described interim financial information based on our review.

### *Scope of our review*

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

### *Basis for qualified conclusion*

As detailed in notes 3.1 and 3.2 to this interim financial information, no impairment test on financial assets has been performed as at November 30, 2011. Value adjustments determined as at December 31, 2010 have consequently been maintained in this interim financial information.

The accompanying interim financial information as at November 30, 2011 and for the eleven-month period then ended does not include an interim statement of changes in equity, a statement of cash-flows, and the explanatory notes only include a note on going concern and a note on valuation of financial assets. In addition, the comparative interim statement of income is for the full year 2010, instead of the eleven-month period to November 30, 2010

*Qualified conclusion*

Based on our review and except for the potential consequences of the preceding paragraphs, if any, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of Orco Property Group S.A. as at November 30, 2011 and of its financial performance for the eleven-month period then ended in accordance with the recognition and measurement principles of IAS 34 as adopted in the European Union.

*Emphasis of matter*

We draw your attention to the fact that this interim financial information has been prepared on the basis of the going concern assumption. Going concern considerations are further detailed in note 1 to this interim financial information.

**H.R.T. REVISION S.A.**

*Réviseurs d'entreprises agréés*



Brigitte DENIS

Strassen, January 10, 2012

ORCO PROPERTY GROUP S.A.  
Société Anonyme  
R.C.S. Luxembourg B 44.996  
**INTERIM BALANCE SHEET**  
30 November 2011  
(expressed in EUR)

<b>A S S E T S</b>	<b>2011</b>	<b>2010</b>
<b>NON - CURRENT ASSETS</b>		
Intangible assets	415,385	538,878
Fixtures and fittings	447,592	445,828
Shares in affiliated undertakings	283,910,360	231,450,626
Financial assets at fair value through profit or loss	22,637,057	10,324,771
Loans to affiliated undertakings and other financial assets	119,041,294	215,159,034
<b>TOTAL NON-CURRENT ASSETS</b>	<b>426,451,688</b>	<b>457,919,137</b>
<b>CURRENT ASSETS</b>		
Trade and other receivables	50,591,722	1,385,027
Current financial assets	5,500	158,137
Cash and cash equivalents	644,733	4,813,519
<b>TOTAL CURRENT ASSETS</b>	<b>51,241,955</b>	<b>6,356,683</b>
<b>TOTAL ASSETS</b>	<b>477,693,643</b>	<b>464,275,820</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Ordinary Shares	69,920,851	57,620,851
Share premium	418,688,245	403,988,245
Other reserves	3,282,355	2,858,533
Retained earnings	(271,926,410)	(211,162,747)
<b>TOTAL - EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>219,965,041</b>	<b>253,304,882</b>
<b>TOTAL - EQUITY</b>	<b>219,965,041</b>	<b>253,304,882</b>
<b>LIABILITIES</b>		
<b>NON - CURRENT LIABILITIES</b>		
Bonds	163,237,752	153,501,691
Loans from affiliated undertakings	59,990,624	34,561,947
Bank loans	834,285	-
<b>TOTAL NON - CURRENT LIABILITIES</b>	<b>224,062,661</b>	<b>188,063,638</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	10,143,972	11,392,023
Bonds	23,221,969	8,978,470
Derivative financial instruments	-	1,136,807
Provisions for other liabilities and charges	300,000	1,400,000
<b>TOTAL LIABILITIES</b>	<b>257,728,602</b>	<b>210,970,938</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>477,693,643</b>	<b>464,275,820</b>

ORCO PROPERTY GROUP S.A.  
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**INTERIM STATEMENT OF INCOME**  
For the period from 1 January, 2011 to 30 November 2011  
(expressed in EUR)

	2011.11	2010
<b>Revenue</b>	<b>5,795,489</b>	<b>7,197,535</b>
Administrative expenses	(8,481,100)	(13,046,523)
Net gain/(loss) on disposal of tangible assets	(338)	(5,976)
Net gain/(loss) on disposal of financial assets	1,675,280	(12,957,197)
Employee benefits	(2,512,986)	(1,772,058)
Amortisation, impairments and provisions	(34,352,894)	(110,609,494)
Interest expenses	(2,490,180)	(4,436,390)
Interest income	13,431,649	30,539,497
Income from participating interests	1,028,880	4,683,905
Foreign exchange result	(407,322)	12,958,327
Net gain/(loss) on financial instruments at fair value through profit and loss	2,462,078	11,618,571
<b>Operating result</b>	<b><u>(23,851,444)</u></b>	<b><u>(75,829,803)</u></b>
Interest expenses on bonds	(32,954,439)	(34,363,091)
Other net financial results	(3,957,780)	277,731,075
<b>Financial result</b>	<b><u>(36,912,219)</u></b>	<b><u>243,367,984</u></b>
<b>NET RESULT BEFORE INCOME TAXES</b>	<b><u>(60,763,663)</u></b>	<b><u>167,538,181</u></b>
Income taxes	-	-
<b>NET RESULT FOR THE YEAR</b>	<b><u>(60,763,663)</u></b>	<b><u>167,538,181</u></b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>(60,763,663)</u></b>	<b><u>167,538,181</u></b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b><u>(60,763,663)</u></b>	<b><u>167,538,181</u></b>

**NOTES TO THE INTERIM FINANCIAL INFORMATION**

30 November 2011

**NOTE 1 - GOING CONCERN**

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

The financial performance of the Group is naturally dependent upon the wider economic environment in which the Group operates. The uncertainty of the evolution of real estate market in Central Europe could be damaging to the Group's activities and slow down the asset sales program. It should be noted that while this environment has generally stabilized over the last 18 months the financing conditions have tightened.

Despite the fact that the residential market remains difficult, a number of positive evolutions have resulted over the first 11 months of 2011 with the resolution of covenant breaches, successful refinancing negotiations and the conclusion of major agreements concerning the Bubny development, the increased control of Orco Germany, the sale of Russian assets and the agreement reached by the major shareholders on the long term financing of Suncani Hvar.

The Group is currently implementing the "Plan de Sauvegarde" (Safeguard plan) which has been approved on the basis of a business plan supported by the Board of Directors and estimated as achievable by the Commercial Court, the "Juge Commissaire" and the "Mandataire Judiciaire". 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.

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:

- Some subsidiaries and joint ventures held by the Group require funding to continue in operation as a going concern. Some assets or subsidiaries require a successful refinancing of the short-term bonds or bank loans. The Group has a material amount of short-term bank loans and bonds out of which some present one or many breaches of covenants. 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

30 November 2011

- continued -

**NOTE 1 - GOING CONCERN (continued)**

- The amount of short-term financing has significantly increased over the period mainly as a result of the approaching maturity of major loans and bonds of Orco Germany Group. Some material uncertainties persist on the refinancing of specific Group assets or activities and the Management is particularly focused on the challenging refinancing of both the GSG portfolio, with an existing loan of EUR 300 Million to be repaid in April 2012, and of Bonds issued by Orco Germany to be repaid in May 2012 for a nominal amount of EUR 100 Million. Orco Property Group has reached an agreement with a majority of the Orco Germany's bondholders, whereby it was agreed, subject to compliance with law and regulatory approvals, that all 148.077 Orco Germany bonds (the "OG Bonds") due May 30, 2012 and valued at app. EUR 129,1 Million will be converted into 148.077 new convertible bonds issued by Orco Property Group (the "Orco Property Group Convertible Bonds"). The Orco Property Group Convertible Bonds will be converted in two tranches: the first tranche amounting to app. EUR 79,1 Million is scheduled to be converted into new 19.250.010 Orco Property Group shares on or around January 31, 2012 at a conversion price of EUR 4,11 per share. The second tranche, amounting to app. EUR 50 Million will bear a gross annual coupon of 0,01% which will be paid on April 15, 2012. If and provided that certain deleveraging conditions are fulfilled by Orco Property Group on April 12, 2012, the second tranche will be converted into additional new 7.996.158 Orco Property Group shares at a price of EUR 6,25 per share. If certain deleveraging conditions are not fulfilled by Orco Property Group by April 12, 2012, Orco Property Group will have the discretion to reimburse the second tranche in cash of EUR 337,66 per one Orco Property Group Convertible Bond for a total cash payment of app. EUR 50 Million. Otherwise, the holders of the Orco Property Group Convertible Bonds will make the decision by a 50% +1 majority to convert the second tranche into (i) either 54 shares of Orco Property Group per one Orco Property Group Convertible Bond, that is 7.996.158 new Orco Property Group shares at a price of EUR 6,25 per share, (ii) or a number of shares equivalent to 55% of the fully diluted capital of Orco Germany, after conversion of the OG Bonds to be held by Orco Property Group into shares of Orco Germany.

All other 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 on the Group's cash flows as repayment would occur in accordance with the term out plan approved in May 2010.

- 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.

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R.C.S. Luxembourg B 44.996

**NOTES TO THE INTERIM FINANCIAL INFORMATION**

30 November 2011

- continued -

**NOTE 1 - GOING CONCERN (continued)**

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

**NOTE 2 - ACCOUNTING POLICIES**

This interim financial information is established according to the recognition and measurement principles of IAS 34 as adopted in the European Union, which are similar to those applied in the stand alone financial statements as at year-end 2010, except as mentioned under note 3.

**NOTE 3 - FINANCIAL ASSETS**

**3.1. Shares in affiliated undertakings**

The object of all affiliated companies is the investment in real estate and/or the holding of interest in real estate companies.

The Board of Directors of the Company is in the opinion that certain affiliated undertakings of the Company are permanently impaired. The amount retained in this interim financial information reflects the value adjustments as determined for the annual standalone financial statements for the year ended 31 December 2010. All shares in affiliated undertakings with their net equity significantly lower than their acquisition cost as at 31 December 2010 are value adjusted to the highest amount between zero and the net equity of each concerned affiliated undertaking as at 31 December 2010. Impairments were not reviewed for this interim financial information.

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R.C.S. Luxembourg B 44.996  
**NOTES TO THE INTERIM FINANCIAL INFORMATION**  
30 November 2011  
- continued -

**3.2. Loans to affiliated undertakings**

The Board of Directors of the Company is in the opinion that certain affiliated undertakings of the Company are permanently impaired and that the ability of these undertakings to reimburse the loans granted to them by the Company is seriously compromised. The amount retained in this interim financial information reflects the value adjustments as determined for the annual standalone financial statements for the year ended 31 December 2010. All loans to affiliated undertakings with a negative net equity as at 31 December 2010 are value adjusted to the highest amount between zero and the net assets of each concerned affiliated undertaking as at 31 December 2010. Impairments were not reviewed for this interim financial information.