ORCO PROPERTY GROUP

Management Report as at 30 June 2013

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SUMMARY

Management Report as at 30 June 2013

ORCO Property Group ('the Group' or 'ORCO') is a real estate investor and developer established in Central and Eastern Europe since 1991, currently owning and managing assets of approximately EUR 1.3 Billion. The Group has a strong local presence in its main markets, namely Prague, Berlin and Warsaw as well as offices in Budapest, Moscow and Hvar (Croatia).

1 Message from the management

2012 was a turning year for us during which we not only restructured our bond debt but also secured our three key assets of GSG Berlin (Orco Germany), Bubny and Zlota.

In 2013 we have started reaping the benefits of this stabilization as we concentrated our efforts on individually managing each of our five key businesses: investment properties in Berlin and CEE, Hospitality with Mamaison CEE and Suncani Hvar, residential development and commercial developments.

With EUR 21.7M in net profit over H1, Orco Germany S.A., one of the biggest commercial landlords in Berlin, is experiencing a sharp growth in profitability as a result of higher revenues, lower costs and lower interest charges. And this is only the beginning of the story. With a 10 year landbank growth reserve and the power of our asset management platform, our long term prospects are promising.

As the summer season comes to an end for our hotels in Hvar Croatia, initial figures show a similarly sharp improvement in profitability which should facilitate the success of our refinancing discussions.

The market context for our investment properties in Prague and Budapest is more challenging and while we are recording revenue improvements, we remain conservative in our outlook.

We have reached our five year strategic target of having investment properties representing more than two-thirds of our portfolio value. We have a profitable portfolio yet full of upside, whether development or asset management.

Regarding developments, Bubny has seen the official opening of the master change process and has concluded the key Unibail Rodamco joint venture to build what will be the biggest downtown shopping centre in the region with 112,000 m².

Zlota, our fifty-four storey high rise residential tower in Warsaw is on the verge of completion. In a few days, we will officially launch the Zlota brand and sales process for a product which brings modern serviced luxury that already exists in Europe's other capital cities. Towards these ends, next week we will open the spectacular show-suite on the fiftieth floor. We invite all of you to visit this suite so that you can experience for yourselves this unique project. Building on more than twenty years in the market and 5,000 sold apartments, we are renewing with great success our residential development activities in both Prague and Berlin which are experiencing healthy margins in excess of 20%. In both cities, large portions of the portfolios have been pre-sold in order to reduce risks and pave the way for further development.

Despite these overall positive news, we still have some difficult situations. In particular, assets held for development, situated in difficult markets in Prague and Budapest, still require loan renegotiations and building developments have important capex investments to be made. These assets now represent a negligible part of our NAV, and their development could be pursued at the condition of high returns, or not pursued to further lower risks as our equity could be better employed in other locations such as Berlin.

Today we have a LTV of 51% and conservative assumptions for developments. We recently implemented a capital increase to provide us with limited investment capacity to grow again and to create value whether through capex or further loan restructuring such as the one we successfully executed on Vaci 188 (generating a EUR 15M profit). While we will raise a limited amount of cash over the coming months through our planned equity line, we are set to receive significant cash inflows from mid-2014 from Leipziger Platz, Molcom and Zlota which will substantially increase our investment capacity.

We believe these recent trends have not yet been fully recognized by the financial markets. Orco is trading solely at the NAV of its Orco Germany subsidiary whose good quality Berlin commercial assets are valued conservatively at average of EUR 620 per sqm.

We have a clear and simple real estate strategy for each of our businesses: to create value by using our investment and development expertise in the region to build and manage investment properties. Our stable group of shareholders is also firmly committed to this strategy as shown by their subscription to the recent capital increase.

Jean-François Ott,	Nicolas Tommasini
President & CEO	Group COO & Deputy CEO

2 Key events: first half 2013 and post-closing key events

2.1 EGM's approval of the increase of the Company's authorized share capital

On 27 June 2013, the extraordinary general meeting approved resolution to increase the Company's authorized share capital to EUR 278,992,584, which gives the Board of Directors the authority to increase the share capital by up to EUR 63,310,660 from its present amount of EUR 215,681,924, for the purposes of issuing (i) 5,000,000 shares under a management long term incentive plan, (ii) 6,666,667 shares to the Company's majority shareholders (Gamala Limited, Kingstown Capital, LP, Alchemy Special Opportunites Fund II L.P., Crestline Ventures Corp. and Stationway Properties Limited) at a price of EUR 2.25 per share in a reserved capital increase, (iii) 4,988,663 shares to warrantholders upon the exercise of warrants of the Company and (iv) 15,000,000 shares under an equity line / PACEO.

2.2 Implementation of reserved capital increase

On 26 July 2013, the Board of Directors approved a reserved capital increase by 6,666,667 new OPG shares at a price of EUR 2.25 per share, raising a total of EUR 15 Million for the Group, subscribed by the Company largest shareholders, namely Gamala Limited, Kingstown Capital Management, LP, Alchemy Special Opportunities Fund II L.P. and Stationway Properties Limited. The new shares were issued on 28 August 2013 and OPG's share capital has increased from EUR 215,681,924 represented by 107,840,962 shares to EUR 229,015,258 represented by 114,507,629 shares. The new shares were listed on the regulated market of NYSE Euronext Paris on 29 August 2013 and are expected to be listed on the regulated market of the Prague Stock Exchange on 30 August 2013. The admission and listing of the new shares on the regulated market of the Warsaw Stock Exchange will follow upon completion of procedural and legal formalities.

Jean-François Ott, President and CEO of Orco stated: "This reserved capital increase will give Orco resources it needs for optimal development of its assets and demonstrates the confidence of its major shareholders in the long term prospects of the company."

2.3 The Republic of Croatia and Orco Suspend Arbitration Proceedings

On 9 July 2013, representatives of the State of Croatia and Orco drafted and agreed on a roadmap for the financial and operational recovery of Sunčani Hvar d.d.

Pursuant to the agreed roadmap, the parties will suspend the arbitration proceedings that consist of Orco's claim and the State of Croatia's counterclaim. In the following months, the parties will try to find solutions to stabilize the company, improve their mutual relationship and define future cooperation (a new shareholders' agreement) for the benefit of their joint investment in Sunčani Hvar d.d. in order to conclusively terminate the arbitration proceedings.

Jean-François Ott, President and CEO of Orco stated: "This is a significant step towards the ongoing financial and operational recovery of Sunčani Hvar. I thank the representatives from the State of Croatia who have diligently worked with me over the past few weeks to put together a roadmap that I trust will soon be formalized with a new shareholders' agreement. With the arbitration proceedings suspended, we can focus our energies during the summer season on providing our guests to the Island of Hvar with an exceptional experience."

2.4 Disposal of 19,900,000 Orco Germany shares

On 3 June 2013, Orco sold 19,900,000 shares (ISIN code LU0251710041) of its subsidiary Orco Germany S.A. (OG) at a price of EUR 0.40 per share for a total of EUR 7,960,000.

In addition, as the final step in the group's bond restructuring, on 6 June 2013, Orco contributed 22,885 of its OG bonds to OG in exchange for 28,028,982 newly issued OG shares. These new OG shares will not be listed and will not be tradable.

Following these transactions, Orco's direct and indirect holding in OG decreased from 98% to 89.6%.

Further transactions occurred in June 2013 resulted in an additional reduction of Orco's direct and indirect holding in OG from 89.6% to 88.2%.

2.5 Joint-venture with Unibail Rodamco

Orco has closed its joint venture with Unibail-Rodamco aimed at developing a prime shopping center in the Bubny area, downtown Prague.

On 30 April 2013, Orco has sold a plot of 3.6 hectares to the joint venture it has constituted with Unibail Rodamco. The parties will focus on implementing the development of the anchor shopping center in the Bubny area with the aim being to start construction in 2016.

"Following the January 2013 vote of the Prague City Assembly to restart the Bubny masterplan change procedure, closing the joint venture with Unibail-Rodamco is another piece of good news for the development of the entire Bubny area. Orco Property Group is proud to cooperate in this joint venture with Europe's leading retail developer and operator." stated Jean François Ott, President and CEO of Orco Property Group.

2.6 Launch of German development projects and new limited acquisitions contemplated

The conversion of the GSG rental asset of the Kreutzberg area, Naunystrasse 68, started with the launch of the commercialization in March 2013. As of June 2013, 18% of the project is contracted.

In its continuous review of the development potential of the Berlin portfolio, the Group is also actively planning the development of an office building on a land plot located on Gebauer Hofe to create a new commercial building, "The Benjamin".

Limited acquisitions are also under review.

2.7 Buy back of Hungarian liabilities

In March 2013, the Group executed the buyback for EUR 1 Million of the EUR 16 Million bank loan and related accrued interests financing the Vaci 188 and Vaci 190 office buildings in Budapest generating a EUR 15.3 Million financial income.

2.8 Sale of units in Endurance Real Estate Fund

All of the units held by OPG in the Office and Office II Sub-funds of the Endurance Real Estate Fund have been sold for a total price of EUR 10 Million to J&T Banka.

2.9 Disposal of the land plot U-Hranic

As of 22 May 2013, the Group completed the disposal of the land plot U-Hranic after finalization of the permitting process to Skanska for a sale price of EUR 4.3 Million.

2.10 Admission of 90,787,096 shares issued in 2012 to trading on the Warsaw Stock Exchange

The Warsaw Stock Exchange has admitted 90,787,096 ordinary shares of Orco registered under ISIN code LU0122624777 to trading on the regulated market of the Warsaw Stock Exchange as of 2 April 2013. These shares were issued by Orco in the context of the group bond restructuring, namely (i) 18,361,540 shares issued on 14 May 2012 (ii) 64,577,483 shares issued on 3 September 2012 and (iii) 7,848,073 shares issued on 28 September 2012. The entirety of Orco's 107,840,962 shares are now listed on the regulated markets of NYSE Euronext in Paris, the Prague Stock Exchange and the Warsaw Stock Exchange.

3 Market environment

Berlin economy and investment market (Data taken from CBRE Research (Berlin Office Market View Q2 2013))

Berlin's economy showed a robust growth over the first half of the year 2013 outperforming Germany as a whole with an expected increase in economic performance of 1.6%. The employment market in Berlin confirms its improving trend up with a 2.7% increase YoY. It is the fastest growth all over Germany.

The investment market experienced a very dynamic trend with a volume of commercial transactions reaching a level of EUR 1.35 Billion and increasing by 36% YoY. Office assets represent 57% of the total transaction volume.

A strong demand combined with a shortage of supply decreased prime yields by 10 basis points to 4.90%. Almost 50% of the total investment volume is the result of transactions above EUR 100 Million. 38% of the acquisitions were executed by real estate funds. Insurance & pension companies follow with a share of over 27% of the total investment volume.

Berlin Office market (Data taken from CBRE Research (Berlin Office Market View Q2 2013))

After a weak first quarter, the Berlin office letting market saw a more dynamic trend in the second quarter: at the half-year cumulative turnover was around 219,000 SQM. Although this was a decline of around 14% year-on-year, the ten-year average take-up was nevertheless exceeded by around 4%.

The volume of vacant office space, which has declined by around 2% in the last 12 months, is now 1.56 Million SQM. The decrease is due to the above-average letting take-up last year, as well as the various conversions of office space to hotel or residential use. The ratio of pre-let accommodation in office projects is now also very high, so that only a small amount of new space is coming on to the market speculatively. Berlin's office stock has increased slightly year-on-year, rising to 17.85m sq m. The vacancy rate is therefore standing at 8.8% ini Q2 2013 (vs 9.0% YoY).

The achievable prime rent in the second quarter 2013 remained in line with the first quarter level at EUR 22.25 per SQM/month and confirms a 2% YoY increase.

The positive outlook of the Berlin office market after a rather weak first quarter 2013 advocates for an acceleration of the net take up growth in the following quarters. It will be supported by good economic conditions and larger deals currently being negotiated in Berlin. As a consequence of the low level of the speculative development activity, the vacancy rate is expected to further decrease while the achievable prime rent will be maintained on the current level.

Berlin Residential market (Data taken from Housing Market Report 2013 http://www.gsw.de)

The Berlin residential market is experiencing the strongest increase in rents level and purchase prices observed over the past 20 years. Market prices are catching up with other major cities in Germany and Europe while local housing costs still remain moderate. The Berlin's stable upward trend in terms of population, economic output and employment is expected to continue over the next decade confirming the growing importance of Berlin as a German and European center for politics, culture, science and tourism.

The extremely rare development potential available, especially in the central city locations induces a shortage of apartments supply throughout the city.

Berlin appears as a safe haven for Investors against inflation and the crisis affecting the Eurozone. In the foreseeable future, a limited supply guarantees a sound rental market with no identified signs of hyperinflation and risk of bubble. Nevertheless the strong increase in residential prices observed during the past years pushes the investors toward a more cautious stand on valuations.

Budapest office market

The Hungarian macroeconomic environment witnessed several positive changes during the first half of 2013. The industrial production rose by 1.2% on H1 2013 and the merchandise exports registered a substantial annual increase. (DTZ)

Almost 20,000 SQM were delivered to the office market in H1 2013. The total office stock stands at 3,164,220 SQM and the current pipeline is made of 3 buildings (50,300 SQM) with expected competition in 2014. (JLL) The vacancy rate remains in line with previous quarter at a level of 19.9%, but is lower than the level of 21.1% recorded in Q2 2012. (CBRE)

Leasing activity remained stable with the share of renewals representing 37.4% of the total take-up in H1 2013. In line with the recent trend, preleases remained almost non-existing on the Budapest market. So far IT companies have been the most active tenants in 2013 and for the first time since the crisis, financial institutions also increased their footprint. (CBRE)

Rents are at extremely competitive levels on the current Budapest market but a further slight decrease is expected during H2 2013. (CBRE)

Budapest retail market

Over H1 2013, retail sales showed the first positive figure in April with a 3.4% year over year increase. Inflation reached record low levels (1.8% year over year increase) and is expected to remain below the Central Bank's of 3% target for H2 2013. (JLL)

Several fashion brands are looking closer to Hungary, but due to the instable economic circumstances and weak retail sales the plans for entering the market are handled extremely carefully. (DTZ)

Rental levels remained broadly unchanged. Prime rental levels in the high streets of Budapest range between EUR 60 and EUR 80/SQM/month, and in the city's top shopping centers between EUR 50 and EUR 70, while other locations achieve EUR 20 to EUR 30. (DTZ)

According to brokers such as, DTZ, the market is going through several changes; entertainment becoming a focus point for developing sales. The tenant mix is changing significantly, and strip mall type tenants and second-hand fashion stores started to rent large retail spaces in urban malls, while e-retailing and mobile applications are developing fast, which urges retail landlords to change and be more flexible to new trends.

Prague office market

The new supply delivered in H1 was only 9,400 SQM and a further 78,400 SQM to be delivered over H2 2013. Currently about 284,000 SQM is under construction, which is the highest pipeline under construction recorded since 2009. (DTZ)

The leasing activity in Q2 2013 remained strong with almost 88,200 SQM. This represents a year on year increase of 20.9%.

A stable vacancy rate at 12.8% is expected throughout 2013 and a slight increase at the beginning of 2014. (JLL)

Prime rent is forecasted to remain stable during 2013 at EUR 20-21/SQM (city centre). (JLL)

Prague residential market

Prague residential market has noticeably improved in recent quarters. New apartment prices have stabilized and even show first signs of growth. At 2.95%, mortgage interest rates are record low, driving mortgage volume to levels not seen since 2007 and growing 40% YoY. Demand for new apartments is growing and close to 5 000 units is expected to be sold in 2013, compared to 4,000 in 2012. Meanwhile, new supply decreased leading to a decline of outstanding supply of about 12% in H1 2013 (CSU, MMR, Hypoindex, Ekospol, Trigema).

At the same time, the market is very competitive and clients very price conscious. Nonetheless, while it would be premature to declare that the Prague residential market is out of the woods, the overall picture is definitely more optimistic than in the past few years.

Warsaw office market

Polish GDP is expected to grow by 0.9% in 2013, and it expected to improve by a further 2.5% in 2014 and by 3.3% in 2015. (DTZ)

The modern office space delivered to the Warsaw market over the course of H1 2013 exceeded 148,600 SQM and the annual supply in 2013 is expected to reach over 300,000 SQM. The highest value of annual supply recorded since 2001. Prime headline rents slightly decreased at EUR 22-24/SQM/month in central locations. (JLL)

In H1 2013, the vacancy rate in Warsaw increased by 1.7% in comparison to Q2 2012, from 8.8% to 10.5%. Given the strong pipeline supply expected in 2013, the vacancy rates are likely to increase throughout the second half of this year and may reach 12-13%. (DTZ)

Warsaw residential market

After negative news flow, the Warsaw residential market seems to be stabilizing supported by dramatically falling mortgage rates (almost 2 percentage points during H1 2013), decreasing of outstanding supply by more than 10% in H1 2013, and firmer prices. Mortgage volume has decreased by 9% in Q1 2013 on the heels of the expiration of a government refund program. Still massive interest rate cuts could help boost the economy and property demand in the mid- to long-term, while a new government refund program is already in preparation (REAS, www.bankier.pl).

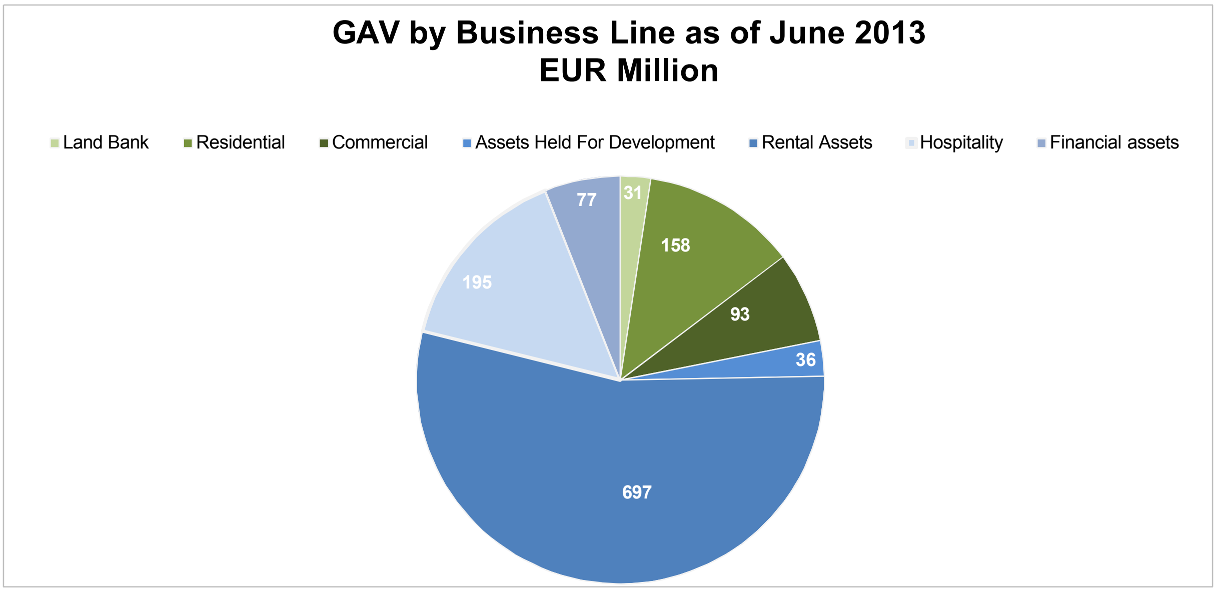
Most analysts foresee improvement of the Warsaw real estate market in 2014.

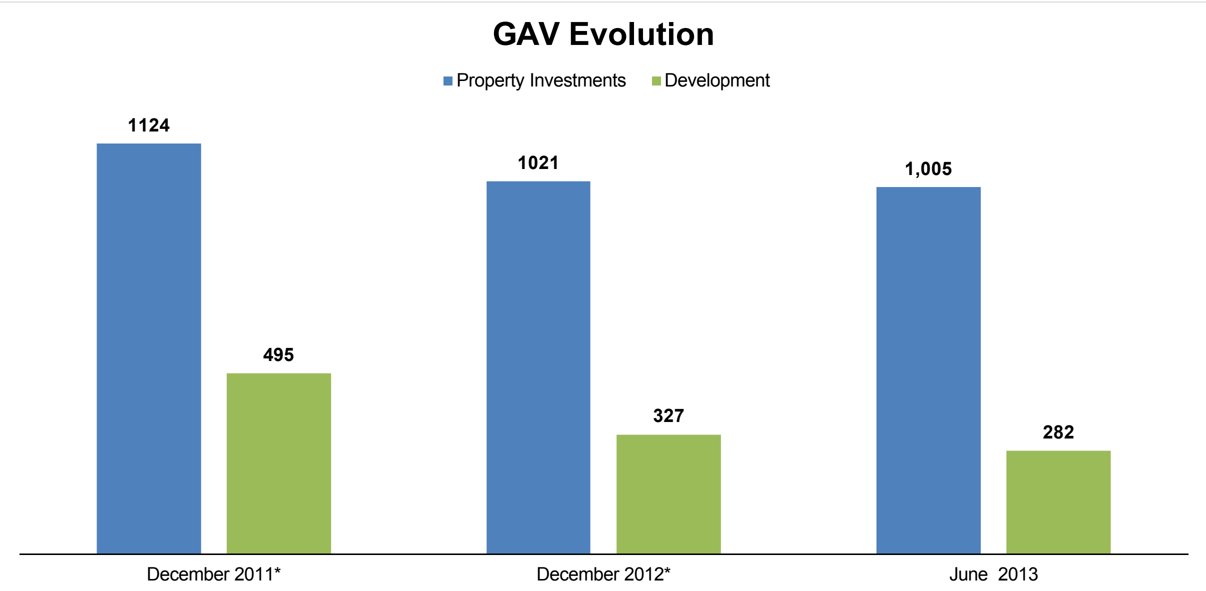
4 Gross Asset Value and operational performance

4.1 Total portfolio evolution

The Gross Asset Value ("GAV") corresponds to the sum of fair value of all real estate assets held by the Group and real estate financial investments, being shares in real estate funds, loans and receivables on third parties active in real estate, shares in non-consolidated real estate companies. Real estate assets are appraised twice a year by an independent expert.

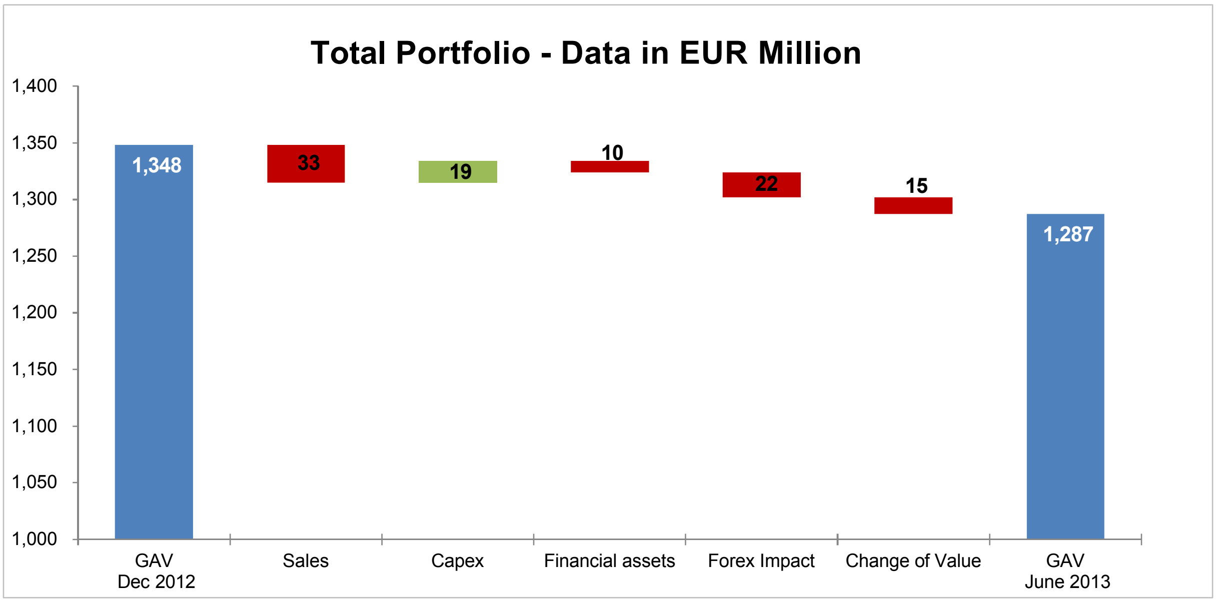
Over the first 6 months of the year 2013, the GAV decreased from EUR 1,348 Million down to EUR 1,287 Million. The GAV breaks down into 78% of Property Investments and 22% of projects or land bank for the Development business line.





* As of June 2013, the hospitality assets of the AIG Joint venture are included at 75% in the GAV, in line with the economic interest owned by the Group. As a consequence, the value of the profit participation loan is not anymore included in the financial assets. Previous GAV figures as of December 2011 and December 2012 have been corrected accordingly. Please refer to the part 4.2.5 Hospitality for more details.

Over the first semester 2013, the decrease of EUR 61 Million of the GAV results from asset and development sales amounting to EUR 33 Million, additional investment in projects under construction and permitting of land bank amounting to EUR 19 Million, a disposal of EUR 10 Million of financial assets, a net negative exchange rate impact of EUR 22 Million and negative change in market value for EUR 15 Million.



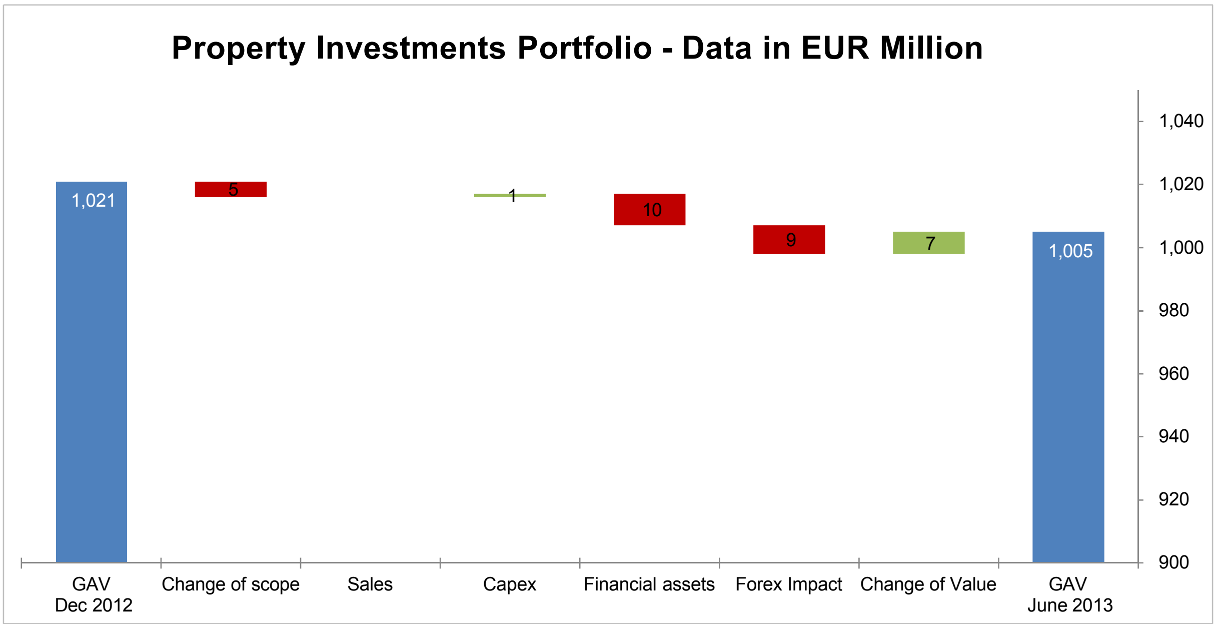
4.2 Property Investments evolution

4.2.1 Gross asset value

As of June 2013, the GAV of the Group's Property Investments business line represents EUR 1,005 Million in value (69% for rental assets, 8% of Asset held for Development, 19% for hospitality assets and 4% of financial assets).

The EUR 16 Million decrease, in comparison with amounts as of December 2012 encompasses:

- EUR 5 Million of transfer of land plot identified on the GSG portfolio to the Development business line;
- EUR 1 Million of investments;
- EUR 10 Million decrease due disposal and reduction of financial assets;
- EUR 9 Million negative exchange rate impact;
- EUR 7 Million of net increase in market value.



4.2.2 Rental assets

4.2.2.1 Valuation change of rental assets

As of June 2013, the rental assets' value is estimated at EUR 697 Million. In December 2012 the GAV of rental assets amounted to EUR 696 Million. The EUR 1 Million change is split in:

- EUR 5 Million of transfer of land plot identified on the GSG portfolio to the Development business line
- EUR 1 Million of investments
- EUR 5 Million of negative forex impact
- EUR 10 Million of positive net change in market value expressed in Euros.

Over the first 6 months of the year 2013, on a like for like basis the valuation of the rental portfolio after currency impact increased by EUR 10 Million (+1.5% in comparison with December 2012 valuation).

In Berlin, the rental portfolio's valuation increased by EUR 15.8 Million (+3.1%) over the first six months of the year. The main driver of this increase is the improvement of the operational performance and a decrease of the average discount rate of the portfolio by 21bps and an increase of the market rent of 0.7% on the total portfolio.

In Central Europe, the valuation of the portfolio expressed net of forex impact, is slightly decreasing (-3% or EUR -5.8 Million on a like for like basis) mainly due to the difficult conditions encountered in Budapest (EUR -6.5 Million) resulting from more drastic lease up assumptions. Values in local currencies remain stable in the Czech Republic and Luxembourg.

4.2.2.2 Business review

As of June 2013, the Group presents the operational key performance indicators of the rental assets and of the assets held for development in two separates parts.

	GLA (sq m)				Occupancy (%)				Average rent			
Portfolio per Country Stabilized	June 2013	March 2013	Dec. 2012	June 2012	June 2013	March 2013	Dec. 2012	June 2012	June 2013	March 2013	Dec. 2012	June 2012
Prague, Czech Republic	89,742	90,876	90,876	90,876	92.4%	90.3%	89.5%	88.3%	6.35	6.18	6.20	6.02
Budapest, Hungary	32,453	32,453	32,453	32,453	16.3%	14.2%	13.9%	20.6%	23.03	27.25	24.45	14.91
Warsaw, Poland	36,598	36,598	36,598	36,598	81.9%	81.9%	81.9%	81.9%	2.94	2.91	3.02	3.21
Capellen, Luxembourg	7,695	7,695	7,695	7,744	95.6%	95.6%	86.3%	86.3%	22.25	23.57	23.34	22.83
CE portfolio	166,488	167,622	167,622	167,670	75.4%	74.0%	73.0%	73.7%	7.17	7.20	7.02	6.72
Berlin, Germany	836,726	839,351	839,847	839,931	82.1%	81.5%	80.7%	79.3%	4.99	4.96	4.88	4.83
Total Stabilized	**1,003,214**	**1,006,973**	**1,007,469**	**1,007,601**	**81.0%**	**80.2%**	**79.5%**	**78.4%**	**5.33**	**5.30**	**5.21**	**5.13**

Note: Those figures are pro forma after disposal of Radio Free Europe.

Over H1 2013, the Group enhanced the improvement of the operational performance of the rental portfolio. The occupancy rate increased further by 150bps up to 81% mainly driven by the Berlin portfolio with 9,104 SQM out of a total of 12,238 SQM Group net take up. Over the same period, average rent increase from 5.21 EUR/SQM/Month up to 5.33 EUR/SQM/Month

- In Berlin, which assets amounts for 79% of the total area of the portfolio, the Group continues to improve the operational performance. Since the beginning of the year the average rent increased from 4.88 up to 4.99 EUR/SQM/Month and occupancy rate improved by 140bps. It demonstrates a steady improvement of operating performance since acquisition of the portfolio in 2007.

  The eastern part of the Berlin portfolio is the main contributor to this improvement and recorded a net take up of 5,840 SQM, increasing its occupancy rate from 60.9% up to 63.1%. It confirms the Group in its strategy to foster the lease up of this subpart of the portfolio.

  Performance of assets located in the western and central parts of Berlin improved as well. Occupancy rate increased from 88.8% up to 89.7% in Western assets and from 88.8% up to 90.4% in Kreutzberg.

  Management believes in the lasting demand for spaces in assets located in the Eastern part of Berlin as experienced in the past few years offering additional growth potentials, while attractiveness of Kreutzberg and Western location is confirmed quarter after quarter.

- In Prague, the Group increased the occupancy rate of its portfolio by 170 bps over H1 2013 with the signing of extension of key significant tenant in the office building of Na Porici at a level of 15 EUR/SQM/Month and improving the average rent up to 14.32 EUR /SQM/Month.

- In Budapest, the occupancy remains low on the main assets such as Vaci 188 and PDS, but new tenant signed will improve the performance of the portfolio over the H2 2013. Vaci 1 continues to demonstrate a good operational performance of its tenants.

- In Warsaw, occupancy rate and average rent are stable while in Luxembourg, the office asset of Capellen is almost fully let with an average rent above 22 EUR/SQM/Month.

4.2.3 Assets held for development

4.2.3.1 Valuation change of Assets Held for Development

As of June 2013, the Assets held for Development portfolio's value is estimated at EUR 36 Million. In December 2012 the GAV of these assets amounted to EUR 43 Million. The EUR 7 Million change is composed of:

- EUR 1 Million of negative foreign exchange impact;
- EUR 6 Million of negative change after forex impact in market value.

The main driver of the decrease in value is the worsening of the risk's perception attached these properties due to high level of vacancy rate and the decrease of ERV with Dunaj in Bratislava (discount rate +25 bps, exit cap rate+125 bps) and Bubenska in Prague (discount rate +25 bps).

Over H1 2013, the Group significantly improved the outlook of the logistic platform of Stribro bringing the asset up close to full occupancy starting in July 2013 inducing an increase in value of 12%.

4.2.3.2 Business review

	GLA (sq m)				Occupancy (%)				Average rent			
Portfolio per Country Held for redevelopment	June 2013	March 2013	Dec. 2012	June 2012	June 2013	March 2013	Dec. 2012	June 2012	June 2013	March 2013	Dec. 2012	June 2012
Prague, Czech Republic *	39,173	39,173	39,173	39,173	62.8%	62.0%	63.5%	62.9%	2.93	3.01	3.05	2.58
Budapest, Hungary	7,679	7,679	7,690	7,804	1.0%	0.8%	0.8%	0.0%	1.53	1.92	0.00	0.00
Bratislava, Slovakia	8,220	8,220	8,220	8,220	53.9%	53.4%	52.9%	51.8%	4.15	5.03	5.98	5.78
Total AHD	**55,073**	**55,073**	**55,084**	**55,197**	**52.9%**	**52.2%**	**53.1%**	**52.3%**	**3.12**	**3.32**	**3.48**	**3.05**

*: The leasable area of Bubenska is 17,575 sqm meanwhile potential GLA of the asset is increased to 30,549 sqm.

Over H1 2013, the Group pursued the planning of the turnaround of its assets held for development portfolio.

In Prague, the development business line is working actively on obtaining a building permit for the full refurbishment of Bubenska into a class A office center, while on Stribro new tenant has been signed bringing the asset close to full occupancy over the second half of the year.

In Budapest, the Group is searching a key anchor tenant on Szervita Office before starting a full refurbishment of the asset. The building permit is valid. The refurbishment of the parking is currently reviewed while the Budapest City Hall is working on the renovation of Szervita Square.

Occupancy rate stable at a level of 52.9% while average rent decreased from 3.48 EUR/SQM/Month as of end of December 2012 down to 3.12 EUR/SQM/Month as of June 2013. The main driver of this decrease is the resigning of leases coming to an end in Dunaj at a lower of headline rent.

4.2.4 EPRA indicators

4.2.4.1 Property Investments – Valuation data

Asset Class	Location	Market Value of Property EUR Million June 2013	Valuation Movement EUR Million Y-o-Y June 2013	Net Initial Yield EPRA (%) June 2013	Net Initial Yield EPRA (%) Dec 2012	Reversion (%) June 2013	Reversion (%) Dec 2012
	Prague	79.4	-5.1	6%	4%	64%	76%
	Budapest	31.9	-3.4	1%	0%	305%	362%
	Luxembourg	23.5	0.4	7%	7%	-3%	9%
	Warsaw	5.3	-0.3	7%	6%	10%	15%
Office		**140.1**	**-8.4**	**5%**	**4%**	**73%**	**90%**
	Prague	21.8	-0.5	11%	10%	6%	6%
	Warsaw	3.7	-0.5	-2%	14%	201%	13%
Logistics		**25.5**	**-0.9**	**9%**	**10%**	**26%**	**8%**
	Bratislava	7.8	-2.3	3%	3%	184%	201%
	Budapest	36.8	-5.3	-1%	-1%	277%	248%
Retail		**44.6**	**-7.6**	**-1%**	**0%**	**255%**	**237%**
	Berlin	517.9	16.4	7%	7%	20%	23%
Mixed Commercial		**517.9**	**16.4**	**7%**	**7%**	**20%**	**23%**
Portfolio Total		**728.1**	**-0.5**	**6%**	**6%**	**34%**	**37%**

This table and the following include all assets considered as rental in the portfolio of the Group. They exclude the value of the development land attached to the logistic asset of Marki and the additional land plots attached to GSG as they do not generate rents. As of June 2013, land plot identified on GSG have been transferred to the land bank portfolio.

"Market value" is the net market value estimated by our independent expert at end of June. This market value is used for the Gross Asset Value calculation.

"EPRA NIY" or EPRA Net Initial Yield is based upon the figures provided by the external appraiser as of June 2013 in terms of yield. Net Initial Yield is based on the current gross market value of the assets.

"Reversion" is the estimated change in rent at review, based on today's market rents expressed as a percentage of the contractual rents passing at the measurement date (but assuming all current lease incentives have expired).

These figures are indicators of the current operating performance of the assets; they are not the basis of the valuation of the assets. They should not be mistaken with valuation yield measure such as "equivalent yield" which are market based figures and are the basis of the valuation of the assets under the capitalization approach.

The decrease in value over the H1 2013 is mainly driven by the assets held for development in Prague (EUR -3.5 Million), Budapest (EUR -1.6 Million) and Bratislava (EUR -2.3 Million) and the inclusion of a longer lease up period on Vaci I (EUR -5.3 Million). Thanks to improved operational performance and despite a general increase of 1.2% of the independent appraiser's estimate of the local market rent, the reversion potential on the Berlin portfolio is slightly reduced to 20% (vs 23% as of end of December 2012) but remains at high level. As a consequence the valuation of the Berlin portfolio increases by EUR 16 Million.

4.2.4.2 Property Investments – Lease data

Asset Type Country Total Passing To expiry To break Yr 1 Yr 2 Yrs 3-5 Yr 1 EF Yr 2 E Yrs 3-5 ERV to Expiry

					Lease expiry data						Lease break data					
			Average lease length in year		Passing rent of leases expiring in : EUR Million			ERV of leases expiring in : EUR Million			Passing rent of leases breaking in : EUR Million			ERV of leases breaking in : EUR Million		
Asset Class	Location	Total Passing rent EUR Million	To expiry	To break	Yr 1	Yr 2	Yrs 3-5	Yr 1	Yr 2	Yrs 3-5	Yr 1	Yr 2	Yrs 3-5	Yr 1	Yr 2	Yrs 3-5
	Prague	5.0	3.7	3.1	1.4	0.3	2.0	1.8	0.3	2.1	1.4	0.9	2.1	1.8	0.9	2.2
	Budapest	1.0	4.6	4.5	0.2	0.0	0.2	0.2	0.0	0.3	0.0	0.0	0.2	0.0	0.0	0.3
	Luxembourg	2.1	2.8	2.8	0.1	0.0	2.0	0.1	0.0	1.9	0.0	2.1	0.0	0.0	2.0	0.0
	Warsaw	0.4	1.2	1.2	0.0	0.4	0.0	0.0	0.4	0.0	0.0	0.4	0.0	0.0	0.4	0.0
Office		**8.4**	**3.5**	**3.1**	**1.7**	**0.7**	**4.2**	**2.1**	**0.7**	**4.2**	**1.4**	**3.4**	**2.4**	**1.8**	**3.3**	**2.5**
	Prague	2.2	8.8	8.8	0.3	0.0	0.0	0.5	0.0	0.0	0.3	0.0	0.0	0.5	0.0	0.0
	Warsaw	0.2	1.2	1.2	0.1	0.1	0.0	0.2	0.1	0.0	0.1	0.1	0.0	0.2	0.1	0.0
Logistics		**2.5**	**8.1**	**8.1**	**0.4**	**0.1**	**0.0**	**0.6**	**0.1**	**0.0**	**0.4**	**0.1**	**0.0**	**0.6**	**0.1**	**0.0**
	Bratislava	0.3	0.9	0.8	0.3	0.0	0.0	0.4	0.0	0.0	0.3	0.0	0.0	0.4	0.0	0.0
	Budapest	0.9	7.0	7.0	0.0	0.0	0.2	0.0	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.1
Retail		**1.2**	**5.6**	**5.5**	**0.3**	**0.0**	**0.2**	**0.5**	**0.0**	**0.1**	**0.3**	**0.0**	**0.2**	**0.4**	**0.1**	**0.1**
	Berlin	41.1	2.4	1.9	14.4	12.9	10.3	14.8	12.7	10.4	24.3	4.9	9.0	24.7	4.7	9.0
Mixed Commercial		**41.1**	**2.4**	**1.9**	**14.4**	**12.9**	**10.3**	**14.8**	**12.7**	**10.4**	**24.3**	**4.9**	**9.0**	**24.7**	**4.7**	**9.0**
Portfolio Total		**53.2**	**2.9**	**2.4**	**16.9**	**13.7**	**14.6**	**18.0**	**13.6**	**14.7**	**26.4**	**8.5**	**11.6**	**27.6**	**8.2**	**11.7**

This table indicates details on the maturity of the leases and the rents they generate. It also incorporates indications on the reversion potential on a short and medium term basis. Estimated Rental Value (ERV) of leases indicates the market level of rent for areas with lease that are expiring. The expiring date is the date when the lease is finishing. The breaking date is the date when the tenant can decide to leave or sign an extension. In the case of "indefinite contract" the Group considered the date of birth of the lease as the potential breaking date and expiring date.

The analysis of this table requires the following comments:

The Berlin portfolio presents a specific profile of lease maturity. A significant part of the contracts are renewable short term ones: they do not include an expiry date and are automatically renewed year on year. Following strictly the EPRA methodology we have assumed that those contracts would expire at the birthdate of the contract. As a consequence the average maturity of Berlin Portfolio is 2.4 years to expiry and 1.9 years to break option. Average lease length on Commercial area only is 3.05 years based on payments as of June 2013.

The average lease length for the all portfolio to expiry 2.9 years as of June 2013 unchanged in comparison with December 2012 status and to break remains stable in comparison with December 2012 due to a slight increase of the lease length on the Berlin portfolio (2.4 years as of June 2013 vs 2.2 years as of December 2012) as a result of improved asset management.

4.2.4.3 Property Investments – Rental data

		Gross rental income over the past 12 months EUR Million		Net rental income over the past 12 months EUR Million		Lettable space sqm	Passing rent at period end EUR Million	Estimated rental value at period end EUR Million	EPRA Vacancy rate at period end %	
Asset Class	Location	June 2013	Dec 2012	June 2013	Dec 2012	June 2013	June 2013	June 2013	June 2013	Dec 2012
	Prague	4.8	4.7	4.2	4.2	51,734	5.0	8.1	32%	36%
	Budapest	0.8	0.9	0.3	0.3	29,337	1.0	4.0	70%	85%
	Luxembourg	1.9	1.8	1.8	1.7	7,695	2.1	2.0	2%	2%
	Warsaw	0.4	0.4	0.3	0.3	1,400	0.4	0.4	0%	0%
Office		**7.9**	**7.7**	**6.6**	**6.6**	**90,167**	**8.4**	**14.5**	**37%**	**44%**
	Prague	2.2	2.1	2.0	1.9	77,181	2.2	2.4	3%	11%
	Warsaw	0.7	0.8	0.5	0.7	35,198	0.2	0.7	61%	10%
Logistics		**2.9**	**3.0**	**2.6**	**2.5**	**112,379**	**2.5**	**3.1**	**17%**	**11%**
	Bratislava	0.3	0.3	0.2	0.1	8,220	0.3	0.8	56%	51%
	Budapest	0.7	0.5	0.2	0.1	10,794	0.9	3.4	22%	78%
Retail		**0.9**	**0.8**	**0.4**	**0.1**	**19,015**	**1.2**	**4.2**	**72%**	**72%**
	Berlin	39.4	38.0	37.7	36.4	836,726	41.1	49.4	16%	17%
Mixed Commercial		**39.4**	**38.0**	**37.7**	**36.4**	**836,726**	**41.1**	**49.4**	**16%**	**17%**
Portfolio Total		**51.1**	**49.5**	**47.3**	**45.6**	**1,058,286**	**53.2**	**71.2**	**24%**	**26%**

The "Rental data" table presents details on the level of rents and the occupancy of the Group Portfolio for assets held as of June 2013. Gross Rental Income and the Net Rental Income are calculated according to EPRA standards. The passing rent according to EPRA terminology is the annualized cash rental income being received as at a certain date excluding the effects of straight-lining for lease incentives. The vacancy rate is based on EPRA standards which take into account the ratio of the ERV of the area to be leased compared to the total ERV of the asset.

As a consequence of its conversion into a residential project, the Berlin asset of Naunynstrasse 68 (2,100 SQM) has been excluded from the figures of the EPRA rental data.

All assets disposed during the year 2012 and 2013 have been excluded from the table above, including Naunynstrasse 68 in Berlin (transferred to residential development). The figures of GRI, NRI, letable space, passing rent, ERV and EPRA vacancy rate only include currently owned assets.

4.2.4.4 Property Investments – Like for like Net Rental Income

Asset Class	Location	NRI June 2012 12 months trailing EUR Million	Disposals	Acquisitions	(Re) development	Like-for-Like	Other & Forex impact	NRI June 2013 12 months trailing EUR Million
	Prague	7.1	(3.9)	-	-	1.1	(0.1)	4.2
	Budapest	0.3	-	-	-	-	-	0.3
	Luxembourg	1.7	-	-	-	0.1	-	1.8
	Warsaw	0.4	-	-	-	(0.1)	-	0.3
Office		**9.5**	**(3.9)**	**-**	**-**	**1.1**	**(0.1)**	**6.6**
	Prague	1.8	-	-	-	0.2	-	2.0
	Warsaw	0.6	-	-	-	-	-	0.6
Logistics		**2.4**	**-**	**-**	**-**	**0.2**	**-**	**2.6**
	Bratislava	-	-	-	-	0.2	-	0.2
	Budapest	0.1	-	0.1	-	-	-	0.2
Retail		**0.1**	**-**	**0.1**	**-**	**0.2**	**-**	**0.4**
	Berlin	35.3	(0.2)	-	-	2.7	-	37.8
M ixed Commercial		**35.3**	**(0.2)**	**-**	**-**	**2.7**	**-**	**37.8**
Portfolio Total		**47.3**	**(4.1)**	**0.1**	**-**	**4.2**	**(0.1)**	**47.4**

The disposal of Radio Free Europe inducing a loss of EUR 3.9 Million of Net Rental Income over the period is more than compensated by the improvement of the rest of the portfolio.

The like for like net rental income is increased by EUR 4.2 Million YoY. The main contributors are Na Porici, Hradcanska and Bubenska (EUR +1.1 Million) and GSG (EUR +2.7 Million).

4.2.5 Hospitality assets

As a result of the change in consolidation method detailed in Note 2.3 of the June 2013 Consolidated Interim Financial Information, the JV AIG portfolio is now consolidated under the equity method in the financial statements. As of June 2013, the hospitality assets of the AIG Joint venture are included at 75% in the GAV, in line with the economic interest owned by the Group.

4.2.6 Valuation change

Over H1 2013, value of the hospitality portfolio decreased from EUR 198 Million down to EUR 195 Million, only impacted by a EUR 3 Million currency impact. As of June 2013, in the absence of material change in the portfolio of Croatian assets and as the summer season is only at its beginning, the management did not mandate an independent review and kept unchanged the valuation of the portfolio.

Suncani Hvar Hotel June 2013	Number of Assets	Number of rooms	Market Value Jun. 2013 EUR Million	Market Value Dec. 2012 EUR Million	Change in Market Value
Four Star Category	4	437	73	73	0%
Two- Three Star Category	5	541	9	9	0%
Total Suncani Hvar Hotel	**9**	**978**	**81**	**81**	**0%**
Other Revenue	6	0	10	10	0%
Total Suncani Hvar	**15**	**978**	**91**	**91**	**0%**

(1) GOP excludes Group manamgement, sales and marketing fees

CEE Hotels June 2013	Number of Assets	Number of rooms	Market Value Jun. 2013 EUR Million	Market Value Dec. 2012 EUR Million	Change in Market Value
Czech Republic	5	483	56	59	-2%
Poland	3	220	23	23	0%
Hungary	3	106	13	13	0%
Russia	1	84	39	41	-5%
Slovakia	1	32	0	0	-60%
Total CEE	**13**	**925**	**131**	**136**	**-2%**

(1) All numbers are at 100%

(2) Pachtuv Palace is included

(3) Starlight is excluded from the Occupancy and ADR as it is a lease

4.2.6.1 Business review hospitality assets

As of June 2013, the hospitality portfolios comprised a total of 1,903 operated rooms.

CEE Hotels June 2013	Number of Assets	Number of rooms	Occupancy %	ADR (EUR)	June 2013 Revenues EUR Millions	GOP EUR Millions
Czech Republic	5	483	58%	80.0	6.2	1.9
Poland	3	220	54%	85.0	2.9	0.9
Hungary	3	106	74%	65.0	1.4	0.6
Russia	1	84	76%	221.0	3.5	1.6
Slovakia	1	32	83%	56.0	0.3	0.1
Total CEE	**13**	**925**	**61%**	**94.00**	**14.3**	**5.1**
CEE Hotels 2012-H1	**Number of Assets**	**Number of rooms**	**Occupancy %**	**ADR (EUR)**	**June 2012 Revenues EUR Millions**	**GOP EUR Millions**
Czech Republic	5	481	56%	84.0	6.2	1.9
Poland	3	220	53%	111.0	3.3	1.3
Hungary	3	106	65%	68.0	1.1	0.3
Russia	1	84	81%	210.0	3.5	1.7
Slovakia	1	32	58%	60.0	0.2	0.0
Total CEE	**13**	**923**	**59%**	**103.00**	**14.3**	**5.2**

(1) All numbers are at 100%
(2) Pachtuv Palace is included
(3) Starlight is excluded from the Occupancy and ADR as it is a lease

Over the H1 2013, CEE countries have shown a mixed economic environment for the hospitality industry. Whilst Poland was showing a decline in revenues caused by the one off event of the EURO2012 football championship, the Hungarian market has recovered considerably and continues to show positive outlooks. Russia and the Czech Republic markets are stable.

Overall, the first half of the year is impacted by a negative seasonality impact due to the decrease of leisure travels during the first quarter.

Thanks to efficient management, the drop of average room rates throughout the regions was successfully compensated by higher volumes and the portfolio performance compares favorably to its peers.

Outlook on the hospitality activity is cautiously optimistic for most markets and stable results for the portfolio are expected.

Figures in the table assume full detention of the assets while assets are owned jointly with an AIG Real Estate Fund (with 75% of economic interests to Orco).

4.2.6.1.1 Suncani Hvar Hotels

Suncani Hvar Hotel June 2013	Number of Assets	Number of rooms	Occupancy %	ADR (EUR)	June 2013 Revenues EUR Millions	GOP EUR Millions (1)
Four Star Category	4	437	56%	119.0	3.7	1.5
Two- Three Star Category	5	541	66%	45.0	0.5	-0.2
Total Suncani Hvar Hotel	**9**	**978**	**59%**	**103.00**	**4.2**	**1.3**
Other Revenue	6	0	N/A	N/A	0.3	-1.0
Total Suncani Hvar	**15**	**978**	**N/A**	**N/A**	**4.5**	**0.3**
Suncani Hvar Hotel June 2012	**Number of Assets**	**Number of operated rooms**	**Occupancy %**	**ADR (EUR)**	**June 2012 Revenues EUR Millions**	**GOP EUR Millions (1)**
Four Star Category	4	437	49%	100.0	3.1	1.2
Two- Three Star Category	4	383	49%	43.0	0.4	-0.2
Total Suncani Hvar Hotel	**8**	**820**	**49%**	**88.00**	**3.5**	**1.0**
Other Revenue	7	158	NA	NA	0.3	-1.2
Total Suncani Hvar	**15**	**978**	**NA**	**NA**	**3.8**	**-0.2**

(1) GOP excludes Group manamgement, sales and marketing fees

Performance of SHH Hotel portfolio continued to improve the successful operational restructuring.

SHH has observed a strong demand in the pre season period and recorded an increase of overnights for 5.2% and growth of ADR for 16.5%, outperforming the average of hotel industry in Croatia.

Total revenue for the period, which is preceding the season, is EUR 4.5 Million which represents significant increase of 19% over the same period YoY.

The strong cost controlling measures implemented on the Suncani Hvar portfolio induced an increase of the Operating Profit of 24.1%.

Since the end of 2011, the Company benefits from strong operational restructuring led by a new management. As of the date of publication, the results of the peak season starting in July are positive showing a monthly revenue increase of 10.6% in comparison with July 2012.

4.2.7 Financial assets

The GAV of financial assets decreased from EUR 84 Million in December 2012 down to EUR 77 Million in June 2013. The variation is due to:

- EUR 10 Million of decrease due to disposal of the Endurance fund units held by the Group in the EF subfunds office for EUR 10 Million.

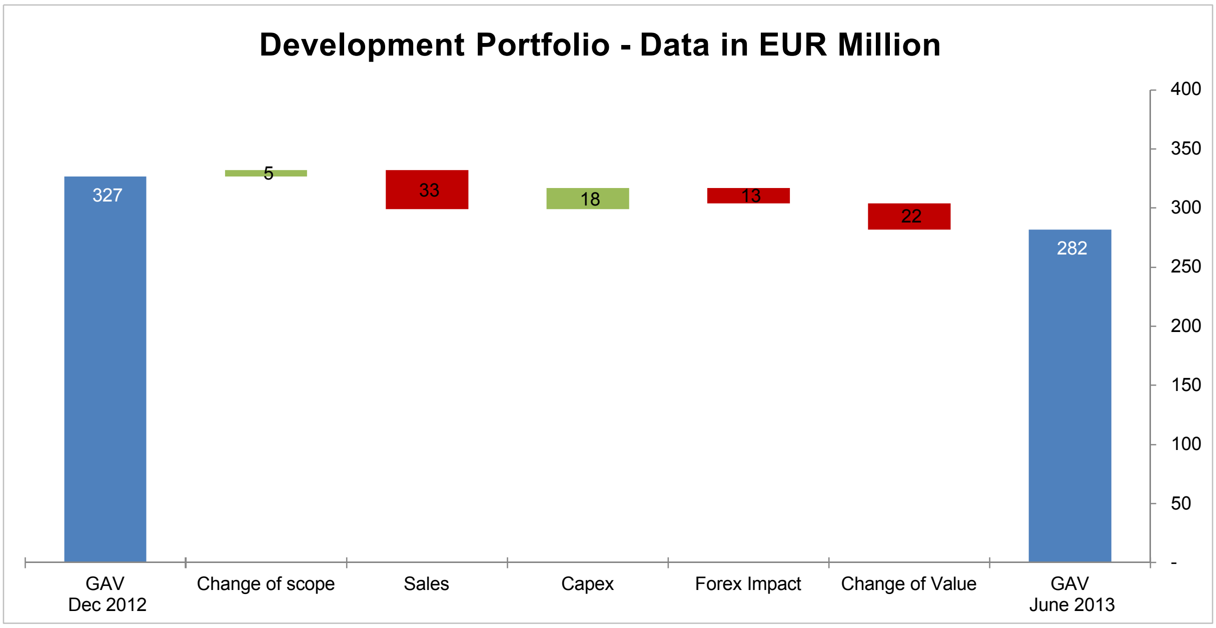
- EUR 3 Million of increase in value due to capitalization of future interest.

As of June 2013, the profit participation loan (PPL) owned by the Group in the AIG joint venture has been excluded from the financial assets as the Hospitality portfolio is now included at 75% instead of 50% in the Gross Asset Value.

4.3 Development evolution

4.3.1 Gross asset value

The Group's development portfolio consists of commercial properties or land designated as future development, to be transferred to the Property Investments business line or sold, and residential projects made of land bank to be developed or buildings to be refurbished/converted, to be sold.



As of June 2013, the Group's development GAV amounts to EUR 282 Million (33% commercial and mixed use developments, 56% of residential developments, 11% of land bank). The development assets are mainly located in the Czech Republic (50%) with key projects such as Bubny and Benice in Prague, and Poland (45%) with Zlota 44 in Warsaw.

The total value of the Development business line depreciated by EUR 35 Million after correction for sales and investments during the first 6 months of 2013. The main drivers of this decrease in value is the land development of Bubny (EUR -19 Million).

4.3.2 Commercial developments

4.3.2.1 Valuation changes

The commercial development portfolio consists of properties and land plots that the Company has developed or is developing across CEE region to keep and manage or sell.

The GAV of commercial developments portfolio, which mainly encompasses the Bubny project, decreased to EUR 93 Million in June 2013 from EUR 133 Million in December 2012. The variation is due to:

- EUR 22 Million decrease due to the completion of the sale of a 3.6 hectares plot of the Bubny project to a joint venture (80/20) company with Unibail Rodamco.
- EUR 1 Million of investments
- EUR 4 Million of negative exchange rate impact.
- EUR 15 Million of net decrease in market value.

4.3.2.2 Business review

Key Project held in portfolio as of June 2013

Committed	Location	Asset type	Area in SQM	Permit status	Construction completion	Current value June 2013 EUR Million	ERV EUR Million
Bubny	Czech Republic, Prague	Mixed commercial	24 ha*	Pending	2020	92.6	NA

*3.6 ha of the Bubny landplot are now held at 20% through a joint venture with unibail Rodamco

Over H1 2013, the development of the project Bubny in Prague reached significant milestones. At the end of January 2013, the Prague City Assembly granted the City of Prague the authority to restart the procedure required to change the Bubny masterplan.

On 30 April 2013, Orco completed the sale of a plot of 3.6 hectares to the joint venture it has constituted with Unibail Rodamco. The parties will focus on implementing the development of the anchor shopping center in the Bubny area with the aim being to start construction in 2016.

Bubny remains the last brownfield plot in the centre of Prague and the Group intends to develop a mixed-use area consisting of residential and commercial units, offices and shops as well as educational, medical, and cultural facilities. In addition, a modern train terminal on Vltavská metro station and large green spaces will be incorporated.

4.3.3 Residential developments

4.3.3.1 Valuation changes

The Group opportunistic residential developments are aimed at the middle and upper market segments in Prague, Warsaw and Bratislava. Since 2010, the Group refocused its strategy on key large projects such as Zlota 44 in Warsaw and Mezihori in Prague.

The decrease of EUR 4 Million over the first half of the year 2013 (June 2013 GAV amounting to EUR 158 Million compared to December 2012 EUR 162 Million) is driven by:

- EUR 5 Million of sales;
- EUR 17 Million of investments;
- EUR 8 Million of negative exchange rate impact;
- EUR 8 Million of negative change in value.

Projects completed - Inventory

Over the H1 2013, Mostecka, Klonowa Aleja and Koliba account for 72% of the value of the remaining inventory.

Project completed	Location	Asset type	Comments	Market value June 2013 EUR Million	Market value Dec 2012 EUR Million
Mostecka	Prague	Multi-dwelling houses		3.5	4.2
Kosik*	Prague	Multi-dwelling houses		0.9	3.0
Feliz Residence	Warsaw	Multi-dwelling houses		0.2	0.9
Klonowa Aleja	Warsaw	Multi-dwelling houses		2.8	3.8
Mokotowska	Warsaw	Multi-dwelling houses		0.6	0.7
Koliba	Bratislava	Multi-dwelling houses		2.2	3.6
Rising sun house	Hvar, Croatia	Multi-dwelling houses		1.4	1.4
Hochwald	Berlin	Residential plots		0.0	0.1
TOTAL				**11.4**	**17.7**

* The Group owns 50% of Kosik. The market value indicated is the market value of the 50% share of the Group. As of Janurary 2013, Kosic is consolidated under the equity method.

- Mostecka: as of June 2013, 62% of the project is delivered while 2,600 SQM of commercial space is still uncontracted. The Group is currently reviewing commercial exploitation of the commercial space
- Kosik: As of June 2013, 97% of phases I, II and IIIa are delivered, while as the sales performance improved significantly in H1 2013 with 22 units delivered
- Feliz Residence: the Property is located in Ochota district of Warsaw. The project is 98% delivered as of June 2013
- Klonowa Aleja: as of June 2013, 89% of the project is delivered
- Mokotowska 59: the last unit of the project is now contracted and will be delivered in H2 2013
- Parkville: project is 91% delivered as of June 2013
- Rising Sun House: the project is located in the south east of Hvar town in a residential area with an outstanding view over the sea. 12 apartments have been realized.

Projects under construction

Over H1 2013, the Group launched the conversion of the rental asset Naunynstrasse 68, located in the Kreutzberg area of Berlin, into a residential project.

Project under construction	Location	Asset type	Comments	Market value June 2013 EUR Million	Market value Dec 2012 EUR Million
Zlota 44	Warsaw	High rise luxury appartments	Sales launch in Q3 2013	114,7	112,7
Benice	Prague	Houses	Delivery of units in progress	3,4	5,0
Mezihori	Prague	Multi-dwelling houses	Occupancy permit in Q3 2013	12,1	8,0
Berlin Naunynstr. 68	Berlin, Kreutzberg	Multi-dwelling houses	Sales started in Q2 2013	2,1	1,9
TOTAL				**132,3**	**127,6**

- Złota (www.zlota44tower.com) is a super prime development of a world-class residential scheme located in Warsaw. The project offers a complete range of luxury services to its residents, such as a 24h doorman and concierge services, an oversized pool, with a spa and club facilities, business area and observatory deck, in addition to on-site parking and fantastic views from its floor to ceiling windows.

  Designed by world class architect Daniel Libeskind in accordance with the most exacting environmental and technological standards, such as a triple glazed façade or flat screen accessible domotics, Złota is the highest residential tower in European Union

  The construction work is now at 75% complete. Over 99% of the hi-tech façade panels are in place. At the same time, interior finishing works are in full swing. Works are expected to be completed mid-2014.

  The sale relaunch is scheduled for September 2013. Together with an active marketing campaign, the Group prepared a unique customer experience, designed as a "journey" with a Marketing Suite made of three model apartments on the 50th floor. 203 units are available to sell.

  Złota 44 has already become the new icon of modern Poland; recognizable internationally. In the course of the recently completed UEFA EURO 2012 championships Złota 44 was the second most admired landmark of modern architecture of the city, right after the National Stadium. The project received the CNBC European Property Award in three different categories and the Eurobuild CEE award in the Business Achievement of the Year 2011 category and in 2013 Zlota has received European Medal from Polish entrepreneurs association Business Centre Club and EU's Economic and Social Committee.

  As of the date of publication of this report, 24% of the units in the project are contracted.

- Mezihori: the development of 138 apartments was launched in early 2012 with a completion date scheduled for 3Q 2013. As of 30 June 2013, 68% of the units were contracted. Occupancy permit was acquired in August 2013.

  The site is located in Prague 8, Palmovka. The site is located approximately 3 km from Prague City centre, with the metro station of Palmovka, and two tramway stations at walking distance. Construction costs of the project were covered by a barter transaction with the contractor on the project Pivovar Vrchlabi and by bank financing. Hence the group has invested minimum equity in this project and has managed the disposal of a difficult, non-strategic project.

- Naunynstrasse 68: well located in the extremely attractive area of Kreuzberg in Berlin, the asset encompasses 2,313 SQM of floor area after redesign of the project dedicated to residential and office tenants. The asset is in good condition and will require minimum investments for conversion into full residential project. The project encompasses the creation of 22 units with areas ranging from 39 SQM up to 227 SQM. As of June 2013, 4 units are contracted.

4.3.3.2 Business review

The Group residential developments aim at the middle and upper market segments in Prague, Warsaw, Bratislava and Berlin.

Amounts in units	New orders (2)		Backlog (1) (3)	Production	Deliveries	Forex &	Backlog (1) (3)
Country	H2 2012	H1 2013	Dec 2012			Pricing	June 2013
Prague, The Czech Republic	36	35	183	1	(7)	NA	177
Warsaw, Poland	17	8	305	-	(12)	NA	293
Bratislava, Slovakia	5	11	15	-	(7)	NA	8
Berlin, Germany	4	4	21	2	(1)	NA	22
Total units	62	58	524	3	(27)	-	500
Amounts in EUR Million	**New orders (2)**		**Backlog (1) (3)**	**Production**	**Deliveries (4)**	**Forex &**	**Backlog (1) (3)**
Country	**H2 2012**	**H1 2013**	**Dec 2012**			**Pricing**	**June 2013**
Prague, The Czech Republic	6.6	5.6	30.3	0.3	(1.8)	1.3	30.1
Warsaw, Poland	4.5	1.6	247.8	-	(1.4)	11.1	257.5
Bratislava, Slovakia	1.3	3.3	4.2	-	(1.9)	(0.2)	2.2
Berlin, Germany	0.8	1.2	7.0	0.1	(0.2)	-	6.9
Total in EUR Million	13.2	11.7	289.4	0.4	(5.3)	12.2	296.7

(1): Kosik : the Joint venture owned at 50% is not included anymore as it does not impact the revenue

(2) :New order : the newly contracted units. Those units will be converted into revenue upon delivery

(3): Backlog : total amount of unit under contract but not yet delivered and inventory

Over H1 2013, the Group contracted 58 units for total revenue (sales and pre sales) contracted of EUR 11.7 Million, representing a decrease of 6% in comparison with H2 2012 in terms of units contracted and 10% of decrease in terms of value of contracts signed. Warsaw is the main contributor to this decrease due to ageing inventories while the relaunch of the sales on Zlota 44 is set for Q3 2013.

- In Prague, the new sales remained stable supported by the commercialization of Mezihori and Benice, the two current projects in progress. First deliveries on Mezihori are scheduled for H2 2013 while the project is currently at 68% sold. The offer on Benice is made of individual housing allowing on the run deliveries. The commercialization of 30 units is planned to be completed in 2015.

- In Warsaw, over H1 2013 the Group contracted 26% of the unsold units on the finished inventories as of December 2012, namely Klonowa, Feliz, and Mokotowska and recorded 12 new deliveries. The current backlog on finished inventories is expected to be fully delivered before end of 2014. As the sales kick-off of Zlota 44 occurs in Q3 2013, the project which generated EUR 3.2 Million of pre sales over H2 2012, did not contribute to the new orders over the first 6 months of the year. It induced a decrease of the sales contracted by 53% in terms of units for the entire portfolio and by 64% in terms of revenue over H1 2013.

- In Bratislava, the commercialization of Koliba progressed well in H1 2013 (+120% in comparison with H2 2012) and 78% of the H1 2013 opening inventory has been contracted. The Group aims at completing the commercialization of the project over the next 6 months.
- In Berlin, the Group is in the process of converting some assets of its portfolio located in the Kreutzberg area. The commercialization of the first project is promising with 4 units out of 22 sold since the opening of the sales in March 2013. The last unit on Hochwald has been delivered in Q2 2013.

4.3.3.3 Land bank and assimilated

The total GAV of the land bank and assimilated (including empty buildings and land plots to develop or redevelop classified in the IFRS financial information under investment properties or inventories) decreased from EUR 32 Million in December 2012 down to EUR 31 Million.

This decrease of EUR 1 Million year on year is driven by:

- EUR 5 Million of transfer from the Berlin rental portfolio of land plots identified
- EUR 5 Million of sales due to the disposal of U-Hranic to Skanska
- EUR 1 Million of negative exchange rate impact
- Market value remained stable

As of June 2013, the Group holds some 1.8 Million SQM of land plots (381 Thousands SQM zoned and 1.4 Million SQM unzoned). The potential GEFA development is currently estimated at 1.0 Million SQM. Potential GEFA is not estimated on all the land plots and should be considered here as only an indication of the potential pipeline on the short to mid-term basis.

The table below summarizes the land bank status per country and gives an estimate of the current projected GEFA. In the “other category” are land plots included in the reported gross asset value of other sub group of the portfolio (rental, commercial development or residential development).

	With zoning		Without zoning		Total	
Country	**Land plot area**	**GEFA estimated**	**Land plot area**	**GEFA estimated***	**Land plot area**	**GEFA estimated***
The Czech Republic	123,101 sqm	131,290 sqm	353,446 sqm	76,200 sqm	476,547 sqm	207,490 sqm
Poland	69,681 sqm	59,726 sqm	35,573 sqm	47,256 sqm	105,254 sqm	106,982 sqm
Croatia	6,208 sqm	0 sqm	104,944 sqm	0 sqm	111,152 sqm	0 sqm
Germany	51,219 sqm	55,560 sqm	0 sqm	0 sqm	51,219 sqm	55,560 sqm
Sub-total land bank	250,209 sqm	246,576 sqm	493,963 sqm	123,456 sqm	744,172 sqm	370,032 sqm
The Czech Republic	0 sqm	0 sqm	916,237 sqm	620,000 sqm	916,237 sqm	620,000 sqm
Poland	131,130 sqm	0 sqm	0 sqm	0 sqm	131,130 sqm	0 sqm
Sub-total other category	131,130 sqm	0 sqm	916,237 sqm	620,000 sqm	1,047,367 sqm	620,000 sqm
Total	381,339 sqm	246,576 sqm	1,410,200 sqm	743,456 sqm	1,791,539 sqm	990,032 sqm

GEFA estimated*: the figure is presented here as an estimation only on the basis of the latest internal study performed. Only building permit determine the authorized GEFA. All the land plot are not systematically covered with a GEFA estimate.

Over H1 2013, the Landbank decreased through the disposal of U-Hranic (-7,180 SQM) in the Czech Republic.

In the meantime, the landplots identified on the Berlin portfolio are now transferred to the landbank of the Group. The Group currently estimates the potential of development up to 55,560 SQM located in the center of Berlin.

The land bank provides the support of the future pipeline of the Group. Kosik 3b, Praga, Rubeska or Benice 2-5 and Nupaky in Prague amounting to circa 900,000 SQM of landbank, of which 49,588 are zoned, are currently under review to be potentially developed over the coming years.

5 Liabilities and financial profile

5.1 Cash and cash equivalents

Cash and cash equivalents have increased by EUR 7.5 Million over the first six months of 2013 to reach EUR 31.1 Million. Restricted cash (see note 9 of the June 2013 Consolidated Interim Financial Information) increased by EUR 3.9 Million to EUR 21.3 Million compared to EUR 17.1 Million as at December 2012 after restatement related to IFRS 11.

5.2 Loan to value

The calculation of the Loan to value (LTV) as of June 2013 is shown in the table below.

	30 June 2013 Capital increase (*)	30 June 2013	31 December 2012 restated
Non current liabilities			
Financial debts	309,063	309,063	408,196
Current liabilities			
Financial debts	283,119	283,119	222,879
Current assets			
Current financial assets	-	-	(37)
Liabilities held for sale and discontinued activities	9,597	9,597	9,792
Cash and cash equivalents	(46,179)	(31,179)	(23,633)
Net debt	**555,600**	**570,600**	**617,197**
Investment property	776,115	776,115	782,731
Hotels and owner-occupied buildings	89,468	89,468	88,738
Investments in equity affiliates	202	202	8,909
Financial assets at fair value through profit or loss	33,577	33,577	32,919
Financial assets available-for-sales	9,792	9,792	9,466
Non current loans and receivables	66,825	66,825	64,486
Inventories	246,402	246,402	262,130
Assets held for sale and discontinued operations	4,424	4,424	6,736
Revaluation gains (losses) on projects and properties	6,672	6,672	30,662
Fair value of portfolio	**1,233,477**	**1,233,477**	**1,286,776**
Loan to value before bonds and New Notes	**45.0%**	**46.3%**	**48.0%**
Bond&New Notes and accrued interests on New Notes	63,056	63,056	59,808
Loan to value after bonds and New Notes	**50.2%**	**51.4%**	**52.6%**

(*) The EUR 46.2 Million on Cash and Cash equivalents take into account the EUR 15 million reserved capital increase, voted by the extraordinary general meeting of shareholders of OPG on 27 June 2013, and executed the 26 July 2013.

As at June 2013, the LTV ratio decreases from 52.6% to 51.4% and to 46.3% respectively excluding the Bond and New Notes and accrued interest on New Notes mainly as a result of the repayment of bank loans for EUR 40 Million and increase of cash and cash equivalents, and despite the negative evolution of real estate values.

5.3 Financial liabilities

The financial debts decrease mainly as a result of the buyback for EUR 1 Million of the EUR 16 Million bank loan and related accrued interests financing the Vaci 188 and Vaci 190 office buildings in Budapest and the partial repayment of the bank loan guaranteed by the Bubny land development upon the sale of the retail land plot.

Out of the EUR 663.6 Million borrowings, EUR 591 Million relate to bank loans, EUR 62 Million relate to bonds and New Notes and EUR 0.9 Million relate to loans from joint venture partners and EUR 9.6 Million to Discontinued operations.

75% of the bank loans relate to income producing assets (development projects under delivery and buildings producing rents or other operational revenues), compared to 68% as at December 2012. While in continuous decrease, 25% of the bank loans still relate to non-income producing land bank and projects under construction.

Analysis of maturities of financial debts

in EUR Million	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 30 June 2013	**293.0**	**36.1**	**328.4**	**6.2**	**663.6**
As at 31 December 2012	**232.8**	**57.7**	**390.9**	**18.8**	**700.2**
Variation	**60.2**	**(21.6)**	**(62.5)**	**(12.6)**	**(36.6)**

The increase in ST liabilities is mainly due to reclassification of LT part of loans in breach of covenants as Gebauer Hofe, Capellen and Zlota for EUR 87.3 Million. The Group is in advanced talks for refinancing Gebauer for 5 years, while on Capellen negotiations are finalized for a one year prolongation contract. On the other hand the increase was partially compensated by the repayments noted above. Out of EUR 293 Million short term liabilities, EUR 227 Million are to be restructured or refinanced and EUR 14 Million relate to the regular contractual amortization. The Group is actively working on the refinancing or restructuring of its defaulted and short term bank loans. While the Company has given no guarantee on the principal of the loans of the loans to refinanced or restructured, the Company has granted a debt service guarantee from the Company of on EUR 66.2 Million of these loans.

6 EPRA Net Asset Value[1]

Using identical calculation methodologies as in previous years, the EPRA Net Asset Value (EPRA NAV) per share as of June 2013 is EUR 4.60 compared to EUR 4.92 as at December 2012.

Triple NAV amounts to EUR 3.64 per share compared to EUR 4.01 last year and its calculation is compliant to the EPRA (European Public Real Estate Associations) "Triple Net Asset Value per share" standard methodology which is described below, and which all major publicly traded property investors apply.

	June 2013 Capital Increase (*)	June 2013	December 2012 restated
Consolidated equity	**446,621**	**431,621**	**440,156**
Fair Value adjustment on asset held for sales	-	-	-
Fair value adjustments on investment portfolio	-	-	-
Fair value adjustments on hotels and own occupied buildings	2,057	2,057	(2,219)
Fair value adjustments on inventories	1,745	1,745	32,881
Deferred taxes on revaluations	98,410	98,410	95,498
Goodwills	(37,828)	(37,828)	(37,880)
Own equity instruments	263	263	2,341
EPRA Net asset value	**511,268**	**496,268**	**530,777**
Net asset value in EUR per share	4.46	4.60	4.92
Existing shares	114,508	107,841	107,841
EPRA Net asset value	**511,268**	**496,268**	**530,777**
Effect of dilutive instruments (**)	-	-	-
Deferred taxes on revaluations	(98,410)	(98,410)	(95,498)
Market value of bonds (***)	(5,719)	(5,719)	(3,157)
EPRA Triple Net asset value	**407,139**	**392,139**	**432,122**
Triple net asset value in EUR per share	3.56	3.64	4.01
Fully diluted shares	114,508	107,841	107,841

(*) The EUR 446.6 Million equity and the 114.5 Million shares take into account the EUR 15 million reserved capital increase, voted by the extraordinary general meeting of shareholders of OPG on 27 June 2013, and executed the 26 July 2013.

(**) As the exercise price of the warrants is higher than the Net Asset Value per share, they have no dilutive effect.

(***) The market value of the OPG bonds is established on the basis of the last transaction of the period for the New Bonds and at their nominal value for the remaining Safeguard OPG bonds as they are not traded.

Over the first half of 2013 the consolidated equity decreased by EUR 8.5 Million. The main drivers of this decrease is the sale of the OG shares (see Note 10 of the June 2013 Consolidated Interim Financial Information) for EUR 10.9 Million and the foreign exchange losses in CTA[2] for EUR 6.7 Million, partially compensated by the positive impact related to the own equity instruments sales for EUR 2.2 Million and the Net Result of the period reaching EUR 7.0 Million.

Taking into account the reserved capital increase approved by the board of Directors in July 2013 the NAV amounts to EUR 4.46 per share.

OPG Shares as at 31 December 2012	**107,840,962**
Reserved capital increase (*)	*6,666,667*
OPG Shares as at 30 June 2013	**114,507,629**

(*) 26 July 2013

[1] *EPRA Triple Net Asset Value Methodology:*

The triple net NAV is an EPRA recommended performance indicator.

Starting from the NAV following adjustments are taken into consideration:

- *Effect to dilutive instruments: financial instruments issued by company are taken into account. When they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.*
- *Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.*
- *Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.*

As part of the EPRA requirements, OPG discloses the calculation of EPRA NAV and EPRA NNNAV.

[2] *Cumulative Translation Adjustment*

7 Income statement

Over the first half of 2013, the Group has recorded a net profit for the owners of the Company of EUR 7.0 Million compared to a net loss of EUR 9.0 Million as of June 2012.

The Group achieved this turnaround thanks to the improvement of the operating result coming from upward revaluation of most valuable assets in Berlin portfolio, lower impairment losses compared to June 2012 and the sale of the Bubny retail plot even though the financial result is lower as in 2012 EUR 30 Million gain had been recorded on the first steps of the bonds' restructuring. The absence of the gain on the bonds' restructuring is partially compensated by the strong decrease in interest expenses and the gain on a debt buy back.

7.1 Consolidated income statement

	6 months 2013	6 months 2012 restated	6 months 2012 published
Revenue	**71,354**	**62,208**	**69,455**
Net gain / (loss) from fair value adjustments on investment property	2,226	(4,741)	(5,309)
Other operating income	771	5,487	5,522
Net result on disposal of assets	645	885	886
Cost of goods sold	(21,328)	(12,701)	(13,610)
Employee benefits	(10,957)	(11,695)	(13,593)
Amortisation, impairments and provisions	(8,239)	(24,632)	(25,806)
Operating expenses	(23,245)	(23,896)	(26,557)
Operating result	**11,227**	**(9,085)**	**(9,012)**
Interest expenses	(19,920)	(38,297)	(39,610)
Interest income	3,681	1,963	1,746
Foreign exchange result	(2,415)	8,383	9,926
Other net financial results	18,032	29,202	30,992
Financial result	**(622)**	**1,251**	**3,053**
Share profit or loss from equity affiliates	**(77)**	**(186)**	**-**
Profit/(loss) before income taxes	**10,527**	**(8,020)**	**(5,958)**
Income taxes	(6,112)	(4,098)	(3,839)
Profit from continuing operations	**4,415**	**(12,119)**	**(9,798)**
Profit / (loss) after tax from discountinued operations	**(467)**	-	-
Net profit / (loss) for the period	**3,948**	**(12,119)**	**(9,798)**
Total profit/(loss) attributable to:			
Non controlling interests	(3,040)	(3,074)	(2,796)
Owners of the Company	**6,988**	**(9,045)**	**(7,002)**

7.2 Revenue by Business line

Revenue increased year on year to EUR 71.4 Million for the first half of 2013 compared to EUR 62.2 Million over the same period in 2012 (+15 % y-o-y). This improvement comes from the Development business line with the sale of Bubny retail land plot in May for EUR 20 Million that is more than compensating the decrease in sale of residential units. While this business line is strongly impacted over the first half of 2013 by the lower number of residential units available for sale in the Czech Republic, it should see an improvement over Q4 2013 as a result of the first deliveries of Mezihori apartments in Prague.

Revenue coming from Property Investments stayed firm over the first half of 2013 as the absence of contribution of sold Radio Free Europe building is compensated by the increase in revenue from the Berlin commercial portfolio. The decrease in management fees has also been partially compensated by the increase in Suncani Hvar revenue.

	Development	Property Investments	Total
YTD Revenue			
As at June 2013	25,593	45,760	71,353
As at June 2012 (restated)	16,321	45,887	62,208
Variation	**9,272**	**(127)**	**9,145**

7.2.1 Development

7.2.1.1 Residential

Residential development sales have decreased from EUR 13.3 Million as of June 2012 to EUR 5.4 Million as of June 2013. Since January 2013, the Joint venture Kosik is accounted for using the equity method and does not contribute to the revenue of the Group. Data as of June 2012 have been restated accordingly.

39 units have been delivered in H1 2013 including 19 in Prague (0% Y-o-Y), 12 in Warsaw (-67% Y-o-Y), 7 in Bratislava (-42% Y-o-Y) and 1 in Berlin (the last one remaining before delivery of the new Naunynstrasse development) to be compared with 73 units over the same period in 2012. The Group repositioning from mass development to specific opportunistic developments and development of its Investment Properties led to a reduced number of new residential projects launched and completed over the years 2011 and 2012.

For projects under construction, namely Benice, Mezihori and Zlota 44 in Central Europe and Naunynstrasse 68, total backlog amounts to 456 units of which 166 are covered by a future purchase or reservation contract. This includes 266 units in Poland (63 contracted) and 168 in the Czech Republic (99 units contracted) and 22 units in Berlin (4 contracted).

The total backlog of completed projects is made of 44 units, for total expected sales of EUR 9.2 Million and 10 of them are covered by a future purchase or a reservation contract.

7.2.1.2 Commercial

Over H1 2013, the commercial development sales amount to EUR 20.1 Million. Over the same period in 2012, the revenue of the commercial development activity amounted to EUR 4.4 Million (mainly the rent on the Sky Office development in Dusseldorf sold in the last quarter of 2012. The increase was fuelled by the sale of a plot of 3.6 hectares for EUR 20.0 Million to Unibail Rodamco.

7.2.2 Property Investments

The Property Investments business line revenue stayed firm compared to previous year, it reached EUR 45.8 Million as of June 2013 (EUR 45.9 Million in June 2012). The main key performance indicators and events impacting the business over the year are commented in part 4 of this report.

7.2.2.1 Rental

Rental activity generated firm revenue of EUR 37.7 Million over H1 2013 compared to equal amount over the same period in 2012. Drop-out of rental income from Radio Free Europe office building (EUR 2.2 Million in H1 2012) was almost entirely counterbalanced by improvement of rental revenue income from properties belonging to GSG portfolio (EUR 2.0 Million Y-o-Y).

In the Czech Republic, the main contributors are Na Porici with EUR 1.7 Million and industrial park Hlubocky with EUR 1.0 Million of revenue generated throughout H1 2013. Capellen in Luxembourg added EUR 1.2 Million (EUR 1.1 Million H1 2012). Asset management services suffered small drop over H1 2013 by EUR 0.7 Million in contrast to H1 2012.

7.2.2.2 Hospitality activities

Hospitality revenue is slightly increasing at EUR 5.7 Million as of June 2013 (EUR 5.1 Million over H1 2012). Revenue of Suncani Hvar in Croatia generated over the start of the season increased by 16 % to EUR 4.5 Million, the contribution of Pachtuv Palac in Prague also slightly increased by EUR 0.1 Million to EUR 1.3 Million over H1 2013.

As a result of the change in method detailed in Note 2.3 of the Group Condensed Consolidated Interim Financial Statements as of 30 June 2013, the Hospitality revenue now only encompasses the revenue of the Pachtuv Palac hotel in Prague owned at 100% by OPG and the Suncani Hvar portfolio as the assets under joint venture are now equity accounted.

7.2.3 Operating expenses and Employee benefits

The “Operating expenses” and “Employee benefits” amount to EUR 34.2 Million compared to EUR 35.6 Million in 2012.

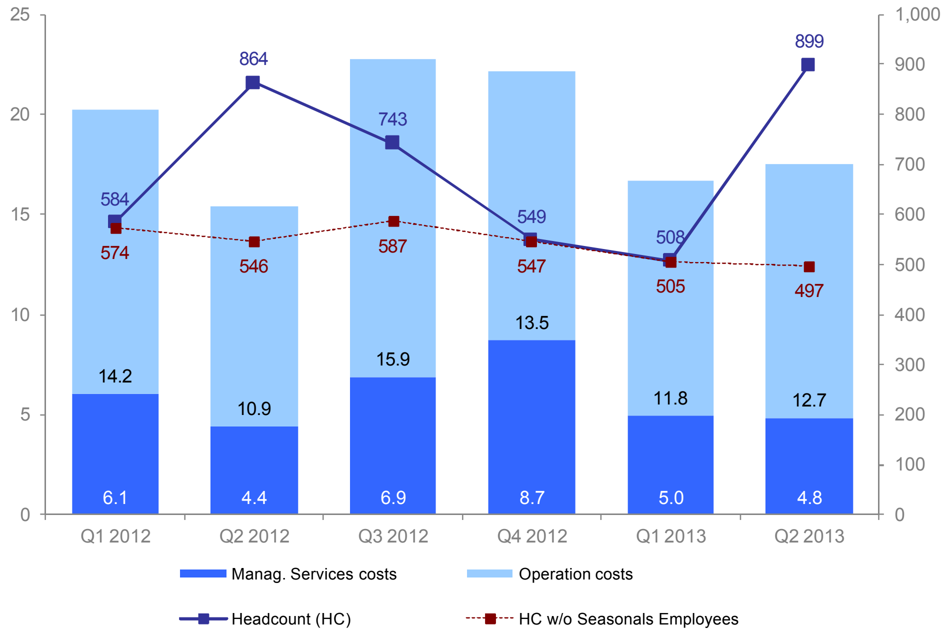
	30 June 2013	30 June 2012 (restated)	Variation
Leases and rents	(825)	(1,114)	289
Building maintenance and utilities supplies	(11,549)	(12,247)	697
Marketing and representation costs	(1,964)	(1,981)	17
Administration costs	(6,279)	(6,397)	118
Taxes other than income tax	(2,093)	(1,730)	(363)
Hospitality specific costs	(100)	(124)	25
Other operating expenses	(435)	(304)	(132)
Employee benefits	(10,957)	(11,695)	738
Operating Expenses and Headcounts	**(34,202)**	**(35,591)**	**1,389**

Consolidated operating expenses can be split into direct asset or project costs generating revenues (‘Operation costs’) for EUR 24.4 Million (EUR 25.1 Million in H1 2012) and general management or services expenses including run down activities in Germany (‘Service companies costs’) for EUR 9.8 Million (EUR 10.5 Million in H1 2012). In H1 2013 headquarter costs represent 29% of operating expenses.

Employee benefits represent 32.0% of the Group operating expenses, slightly declining in contrast to 32.9 % in H1 2012. As of June 2013 the total Group headcounts reached 1,293 employees compared to 1,258 in June 2012 (including equity accounted hospitality activities). The upturn by 35 employees compared to June 2012 is explained by increasing demand for hotel personnel in Suncani Hvar and the re-launch of the development team in Berlin.

Total non-hospitality headcount of 273 remains stable compared to year end 2012. The total amount of employees without seasonal staff decreased from 505 in December 2012 to 497 in June 2013 (decline by 1.5%).

After eliminating the seasonal variance, operations and headquarters expenses are continuously decreasing and it is expected that overheads shall further decline over the coming quarters as the Group continues in implementing of cost reducing activities with the aim to increase operational effectiveness across the board.



7.2.4 Net gain or loss on disposal of assets

The only asset disposal recognized over the period is the sale of U-Hranic in Prague, for a total consideration of EUR 4.3 Million. The sale generated a net gain of EUR 0.5 Million recognised in the income statement.

7.2.5 Valuation adjustments and impairments

The net result from fair value adjustments on investment properties, as of June 2013, amounts to a gain of EUR 2.2 Million compared to a net loss of EUR 4.5 Million as of June 2012.

Most of the valuation gains have been recorded on the Berlin portfolio with a total net increase of EUR 15.8 Million. Positive revaluation has been recognized on the KreuzBerg (EUR 12.4 Million) and Western (EUR 6.8 Million) buildings while negative revaluations have been recorded on Wupperstrasse (EUR -0.5 Million) and Easter (EUR -2.9 Million) assets.

In Central Europe, the major part of the EUR 14.0 Million valuation losses have been recognized on assets held for development or with a high vacancy rate like Vaci 1 shopping mall in Budapest (EUR -4.8 Million), Bubenska in Prague (EUR -2.9 Million), Dunaj retail and offices in Bratislava (EUR -2.3 Million), Vaci 188 office in Budapest for (EUR -1.7 Million and Szervita office and parking in Budapest (EUR -1.5 Million).

Impairment losses as of June 2013 amounting to EUR 2.9 Million are mainly attributable to impairment charges recognized on Benice project (EUR 2.8 Million) in the Czech Republic. In June 2013, the management did not request any expert valuation report on the Croatian assets as it was confident that the valuation assumptions as of December 2012 remain valid. The impairment expenses in 2012 related mainly to Sky Office building and similar losses were not recognized in 2013.

The impact of fair value and impairments on real estate assets or investments are detailed by country as follows:

	6 months to June 2013			6 months to June 2012		
	Revaluation	Impairment	Total	Revaluation	Impairment	Total
Germany	15.827	52	**15.880**	5.277	(13.611)	**(8.334)**
Czech Republic	(3.885)	(3.051)	**(6.936)**	686	(3.024)	**(2.338)**
Poland	153	(45)	**108**	(1.436)	(842)	**(2.278)**
Hungary	(7.895)	-	**(7.895)**	(8.798)	-	**(8.798)**
Slovakia	(2.320)	192	**(2.128)**	(775)	(2.080)	**(2.856)**
Luxembourg	360	-	**360**	310	-	**310**
Croatia	(16)	-	**(16)**	(4)	642	**638**
Total	2.226	(2.853)	**(627)**	(4.741)	(18.915)	**(23.656)**

As of June 2013, the Group has recorded a net amount EUR 2.7 Million of increase in provisions for risks and pensions, mainly related to a provision of EUR 2.5 Million for a litigation settlement on the Bubny plot in Prague.

7.2.6 *Operating result*

The operating result as of June is a profit of EUR 11.2 Million compared to a loss of EUR 8.9 Million in 2012 over the same period. The improvement is attributable to significantly lower impairment losses in 2013. The impairment expenses in 2012 related mainly to Sky Office building and similar losses were not repeated in 2013. While partially offset by negative revaluation in Central Europe, the 3.1% net upward revaluation of the Berlin portfolio is a major contributor to the improvement of the operating result.

7.2.7 *Adjusted EBITDA*[3]

The adjusted EBITDA amounts to EUR 16.6 Million as at 30 June 2013 compared to EUR 19.4 Million in 2012. The negative evolution of the Adjusted EBITDA despite increasing revenue is caused by deterioration in Property Investments segment.

In Property Investments, the negative variation is mainly a result of decreasing EBITDA in Management services activity by EUR 4.0 Million due to lower amount of management fees generated over the period and non-recurring VAT pay-back of EUR 2.5 Million in 2012. Absence of Radio Free Europe contribution to EBITDA (EUR 1.8 Million in 2012) rental activity was partially balanced by the improvement of the Berlin portfolio profitability by EUR 1.6 Million.

Despite lower number of residential units, the Residential activity in Development segment recorded a positive variance thanks to control over operating expenses, but still remains negative in June 2013. In Commercial activity, the absence of the Sky Office EBITDA (EUR 1.7 Million) was partially compensated by sale of Bubny plot (EUR 1.2 Million).

	Development	Property Investments	TOTAL
Operating Result - 6m 2013	**(5,370)**	**16,597**	**11,227**
Net gain or loss from fair value adjustments on investment property	489	(2,715)	(2,226)
Amortisation, impairments and provisions	3,938	4,301	8,239
Net result on disposal of assets	(525)	(119)	(644)
Adjusted EBITDA - 6m 2013	**(1,468)**	**18,064**	**16,596**
Adjusted EBITDA - 6m 2012 (restated)	**(1,671)**	**21,074**	**19,403**
Variation YoY	**203**	**(3,010)**	**(2,807)**

7.2.8 *Financial result*

The financial result deteriorated from a gain of EUR 1.2 Million to a loss EUR 0.6 Million as at 30 June 2013. Excluding the result of the bonds restructuring (EUR 32.8 Million) in 2012 and on the debt buy back in 2013 (EUR 15.0 Million), the financial result is improving by EUR 15.9 Million mainly as a result of the decrease of interest expenses and the revaluation of interest rate swaps partially compensated by a net loss from foreign exchanges.

Over the first half of 2013, gross interest expenses recorded in income statement reached EUR 19.9 Million compared to EUR 38.9 Million over the same period in 2012. As a result of the bonds' restructuring closed in 2012 on cash interests on bonds and New Notes are decreasing from EUR 20.7 Million as at 30 June 2012 to EUR 3.3 Million (total interest expense on New Notes and Safeguard bonds amounting to EUR 4.5 Million). The interests on bank loans decreased from EUR 17.2 million as at 30 June 2012 to EUR 15.4 million as at 30 June 2013 mainly due to the total or partial redemption upon assets and development sales in 2012.

The Interests Coverage Ratio (ICR) improves to 0.8 compared from 0.5 over H1 2013.

7.3 Transactions on treasury shares

As of 30 June 2013, the Company owns 118,000 treasury shares through its subsidiaries and none directly owned by the Company itself.

The table hereafter summarizes the transactions realized by the Company as of 30 June 2013 on its own shares:

	Acquisitions	Sales and commitments
Number of shares (% of total shares)	-	837,374 (0.78%)
Total Price (EUR)	-	2,253,207
Average price per share (EUR)	-	2,69

7.4 Miscellaneous

7.4.1 *Activities in the field of research and development*

Not applicable

[3] *The 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 – Amortizations, 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. Segment reporting was revised in 2011. Revenue and costs are now allocated at the project level instead of the SPV level as some multi-project SPVs were related to both Development and Asset Management.*

7.4.2 *Financial Risks Exposure*

For a thorough description of the principal risks and uncertainties, see notes 2.1, 3 and 4 to the year end 2012 Consolidated financial statements.

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

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

7.4.2.1 *The Group is exposed to financing risk*

The Group finances the majority of its real estate developments through borrowings. Although the Company has historically enjoyed positive relationships with several banks, due to the liquidity crisis on the financial markets and to the Safeguard Procedure, the Company and its subsidiaries may be unable to obtain the requisite waivers for covenant noncompliance or extensions on short term loans that finance long term assets and projects. If the Group is unable to obtain the requisite waivers or extensions, it may have to refinance those loans with the risk that loans may not be able to be refinanced or that the terms of such refinancing may be less favorable than the existing terms of the original loans. The failure to obtain such refinancing or obtaining refinancing on less favorable terms could adversely affect the Group's business, financial condition, results of operations and prospects.

Management is particularly focused on refinancing, extending or repaying (upon sale of the financed assets) its short-term loans, which as of 30 June 2013 amounts to EUR 293 Million due in or before 30 June 2014.

7.4.2.2 *Risk of the Company acting as guarantor of its subsidiaries under bank loans*

The Company is frequently a guarantor of loans granted by various banks in different countries to the Company's various subsidiaries.

If a subsidiary is unable to meet its obligations under a particular loan agreement pursuant to which the Company has provided a guarantee, the Company may be required to reimburse the bank all amounts owed under such a loan agreement. Following the approval of the Safeguard plan, however, all such subsidiary guarantees could be enforced against the Company and would be repaid according to the terms of the Safeguard plan.

7.4.2.3 *Certain subsidiaries may be in breach of loan covenants*

As of the date of this report, certain of the Company's subsidiaries failed to comply with financial ratios specified in their respective loan agreement and administrative covenants. Several of the Group's loan documents contain cross-default provisions that could be triggered. As a consequence, the lending banks may accelerate such loans which may result in a default and a forced sale of the pledged assets.

As of the date of this report, one bank is accelerating a loan related to the Szczecin project in Poland. This loan is non-recourse to the Group. None of the other banks are accelerating any of the breached loans, but instead are continuing to accept regular payments of principal and interest under the loan agreements. However, the acceptance of payments under the loan agreements does not constitute a modification of the various loan agreements, or a waiver of any of the covenants and the bank's rights or remedies under the loan agreements, including the right to accelerate the loan in the future after the giving of notice. There can be no assurance, however, that the various banks will agree to modify or waive any of the loan covenants and rights or remedies under the loan agreements or require partial repayment of the relevant loans.

7.4.2.4 *The Group's financing arrangements could give rise to additional risk*

When the Group acquires a property using external financing, the Group usually gives a mortgage over the acquired property and pledges the shares of the specific subsidiary acquiring the property. There can be no assurance that the registration of mortgages and pledges has been concluded in accordance with applicable local law, and a successful challenge against such mortgages or pledges may entitle the lender to demand early repayment of its loan to the Group. Group's financing agreements contain financial covenants that could, among other things, require the Group to maintain certain financial ratios. In addition, some of the financing agreements require the prior written consent of the lender to any merger, consolidation or corporate changes of the borrower and the other obligors. Should the Group breach any representations, warranties or covenants contained in any such loan or other financing agreement, or otherwise be unable to service interest payments or principal repayments, the Group may be required immediately to repay such borrowings in whole or in part, together with any related costs. If the Group does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the properties comprising the Group's investment portfolio, or refinance those borrowings with the risk that borrowings may not be able to be refinanced or that the terms of such refinancing may be less favorable than the existing terms of borrowing.

7.4.2.5 *Market risk*

Foreign exchange risk

Currency risk is applicable generally to those business activities and development projects where different currencies are used for repayment of liabilities under the relevant financing to that of the revenues generated by the relevant property or project. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Czech Koruna (CZK), the Polish Zloty (PLN), the Hungarian Forint (HUF) and the Croatian Kuna (HRK) and secondarily to the US Dollar (USD) and the Russian Ruble (RUB). Foreign exchange risk, as defined by IFRS 7, arises mainly from recognized monetary assets and liabilities. Currency risk is managed where possible by using the same currency for financing as that in which revenues will be generated. In the event that different currencies are used, the Group companies limit the risk, where appropriate, by using hedging instruments. Nevertheless, because the Group companies' operating costs are denominated in local currencies, fluctuations in the exchange rates of these currencies can lead to volatility in the financial statements of the Group companies. In addition, loans, operating income and - except in the development activities - sales of buildings are mainly denominated in Euro (EUR). The Group currently does not use foreign currency derivatives contracts, as salaries, overhead expenses, future purchase contracts in the development sector, building refurbishment and construction costs are mainly denominated in local currencies, but may do so in the future. The main circumstance for the Group to put in place currency derivatives is for the financing of a construction contract when the local currency operations do not generate sufficient cash and as a result that construction contract must be financed with another currency. Any loss accruing to the Group due to currency fluctuations may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Price risk

The Group is exposed to equity risks from the Endurance Real Estate Fund, which are classified in financial assets at fair value through profit or loss.

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

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

Interest rate risk

The Group uses floating and fixed rate debt financing to finance the purchase, development, construction and maintenance of its properties. When floating rate financing is used, the Group's costs increase if prevailing interest rate levels rise. While the Group generally seeks to control its exposure to interest rate risks by entering into interest rate swaps, not all financing arrangements are covered by such swaps and a significant increase in interest expenses would have an unfavorable effect on the Group's financial results and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Rising interest rates could also affect the Group's ability to make new investments and could reduce the value of the properties. Conversely, hedged interests do not allow the Company to benefit from falling interest rates.

Other risks

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

7.4.2.6 Credit risk

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

7.4.2.7 Risks associated with the implementation of the Safeguard plan

Some subsidiaries and joint ventures held by the Group require funding to continue as going concerns. The business plan is built on the capacity of the Group to generate sufficient cash from its profitable activities in order to support the assets that are currently in development or restructuring. The structure of the Group generally prevents the recourse of creditors against the Company. The Group is organized into a number of sub-holdings such as Orco Germany or Hospitality Invest, or into SPVs owning dedicated assets. In the few potential cases of recourse against the Company, it is protected by the Safeguard plan which would term out any exercise of guarantees. Therefore any existing funding problem other than mentioned above would not on its own prevent a conclusion on the going concern.

7.4.2.8 Risks associated with real estate and financial markets

Changes in the general economic and cyclical parameters, especially a continuation of the financial crisis, may negatively influence the Group's business activity. The Group's core business activity is mainly based on the letting and sale of real estate property. The revenues from rents and revenues from sales of real estate property investments are key figures for the Group's value and profitability. Rents and sales prices depend on economic and cyclical parameters, which the Group cannot control.

The Group's property valuations may not reflect the real value of its portfolio, and the valuation of its assets may fluctuate from one period to the next. The Group's investment property portfolio is valued at least once a year by an independent appraiser, DTZ. The Group's property assets were fully valued as of 30 June 2013 with the exception of the Suncani Hvar portfolio. The change in the appraised value of investment properties, in each period, determined on the basis of expert valuations and adjusted to account for any acquisitions and sales of buildings and capital expenditures, is recorded in the Group's income statements. For each euro of change in the fair value of the investment properties, the net income of the Group changes by one euro. Changes in the fair value of the buildings could also affect gains from sales recorded on the income statement (which are determined by reference to the value of the buildings at the beginning of the accounting period during which the sale is realized) and the rental yield from the buildings (which is equal to the ratio of rental revenues to the fair value of the buildings). Furthermore, adverse changes in the fair value of the buildings could affect the Group's cost of debt financing, its compliance with financial covenants and its borrowing capacity.

The values determined by independent appraisers are based on numerous assumptions that may not prove correct, and also depend on trends in the relevant property markets. An example is the assumption that the Company is a "going concern", i.e., that it is not a "distressed seller" whose valuation of the property assets may not reflect potential selling prices. In addition, the figures may vary substantially between valuations. A decline in valuation may have a significant adverse impact on the Group's financial condition and results, particularly because changes in property values are reflected in the Group's consolidated net profit. Reversely, valuations may be lagging soaring market conditions, inadequately reflecting the fair property values at a later time. The Group is also exposed to valuation risk regarding the receivables from its asset sales. Management values these receivables by assessing the credit risk attached to the counterparties for the receivables. Any change in the credit worthiness of counterparty or in the Group's ability to collect on the receivable could have a significant adverse impact on the Group's financial position and results.

Changing residential trends or tax policies may adversely affect sales of developments. The Group is involved in residential, commercial and retail development projects. Changing residential trends are likely to emerge within the markets in Central and Eastern Europe as they mature and, in some regions, relaxed planning policies may give rise to over-development, thereby affecting the sales potential of the Group's residential developments.

Changing real estate taxes or VAT taxes may also have a notable impact on sales (such as for example a hike in sales before implementation of a tax increase followed by structurally lower sales). These factors will be considered within the investment strategy implemented by the Group but may not always be anticipated and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

8 Table of location of EPRA indicators

9 Glossary & definitions

Adjusted EBITDA

The 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 – Amortizations, 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.

Average daily rate (ADR)

ADR is calculated by dividing the room revenue by the number of rooms occupied.

EPRA

European Public Real Estate Association.

EPRA NAV per share

EPRA NAV divided by the diluted number of shares at the period end. Formula is available into the EPRA NNNAV definition.

EPRA Net Initial Yield

The annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the gross market value of the property. (Calculated by the Group's external valuer).

EPRA NNNAV or EPRA Triple Net Asset Value

A company's adjusted per-share NAV.

Methodology:

The triple net NAV is an EPRA recommended performance indicator.

Starting from the NAV following adjustments are taken into consideration:

- *Effect to dilutive instruments: financial instruments issued by company are taken into account. When they have a dilutive impact on NAV, meaning when the exercise price is lower than the NAV per share. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.*
- *Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.*
- *Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value.*

As part of the EPRA requirements, OPG discloses the calculation of EPRA NAV and EPRA NNNAV.

EPRA Vacancy rate

ERV of vacant space divided by ERV of the whole portfolio.

Estimated rental value (ERV)

The estimated rental value at which space would be let in the market conditions prevailing at the date of valuation. (Calculated by the Group's external appraiser).

Gross asset value (GAV)

The sum of fair value of all real estate assets held by the Group on the basis of the consolidation scope and real estate financial investments (being shares in real estate funds, loans to third parties active in real estate or shares in non-consolidated real estate companies).

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Gross Lettable Area (GLA)

GLA is the floor space contained within each tenancy at each floor level by measuring from the dominant portion of the outside faces of walls, to the center line of internal common area/inter-tenancy walls.

Gross operating profit (GOP)

Total gross operating revenues (including room, food & beverage and other revenue) less gross operating expenses.

Gross rental income

Rental income from let properties after taking into account the net effects of straight-lining for lease incentives, including rent free periods. It includes turnover-based rents, surrender premiums, car parking income and other possible rental income.

Interests Cover Ratio (ICR)

The ICR is calculated by dividing the adjusted EBITDA of one period by the company's interests expenses of the same period.

Like-for-Like portfolio (L-f-L)

All properties held in portfolio since the beginning of the period, excluding those acquired, sold or included in the development program at any time during the period

Market value

The estimated amount determined by the Group's external valuer in accordance with the RICS Valuation Standards, for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing.

Net Lettable Area (NLA)

NLA (measured in square meters) is the floor space between the internal finished surfaces of permanent internal walls and the internal finished surfaces of dominant portions of the permanent outer building walls. It generally includes window frames and structural columns and excludes toilets, cupboards, plant/motor rooms and tea rooms where they are provided as standard facilities in the building. It also excludes areas dedicated as public spaces or thoroughfares such as foyers, atrium and building service areas.

Net rental income

Gross rental income less ground rents payable, service charge expenses and other non-recoverable property operation expenses.

Occupancy rate (sq.m)

The ratio of leased premises to leasable premises

Passing rent

The estimated annualised cash rental income being received as at the reporting date, excluding the net effects of straight-lining for lease incentives.

Reversion

The estimated change in rent at review, based on today' market rents expressed as a percentage of the contractual rents passing at the measurement date (but assuming all current lease incentives have expired).

Vacancy

The amount of all physically existing space empty at the end of the period.

ORCO PROPERTY GROUP S.A.
40 rue de la Vallée
L-2661 Luxembourg
R.C.S. Luxembourg B 44996
(the "**Company**")

DECLARATION LETTER
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
AS AT 30 JUNE 2013

1.1. Persons responsible for the condensed consolidated interim financial information

- Mr. Jean-Francois Ott, acting as managing director of the Company, with professional address at 25 rue Balzac, F-75406 Paris Cedex 08, France, jfott@orcogroup.com;

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

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

We, Jean-Francois Ott and Nicolas Tommasini, declare that, to the best of our knowledge, the condensed consolidated interim financial information of the Company as at 30 June 2013, prepared in accordance with International Accounting Standards 34 ("Interim Financial Reporting") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and its subsidiaries included in the consolidation taken as a whole and that the management report includes a fair view of the development and performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Approved by the Board of Directors and signed on its behalf by Mr. Ott and Mr. Tommasini.

Prague, 29 August 2013

Mr. Jean-François Ott
Managing Director

Mr. Nicolas Tommasini
Director

ORCO PROPERTY GROUP S.A.

Société Anonyme

Condensed consolidated interim financial information

As at 30 June 2013

Orco Property Group's Board of Directors has approved on 29 August 2013 the condensed consolidated interim financial information for the period ended as at 30 June 2013.

All the figures in this report are presented in thousands of Euros and all the comparatives figures have been restated according to the early adoption of IFRS 11 (see Note 2.3), 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 2013	6 months 2012 restated
Revenue	3	**71,354**	**62,208**
Sale of goods		*25,360*	*12,940*
Rent		*31,912*	*34,896*
Hotels, Extended Stay & Restaurants		*5,458*	*4,868*
Services		*8,624*	*9,504*
Net gain or loss from fair value adjustments on Investment Property	3/4	2,226	(4,741)
Other operating income	3	771	5,487
Net result on disposal of assets	3/4/5/8	645	885
Cost of goods sold	3/7	(21,328)	(12,701)
Employee benefits		(10,957)	(11,695)
Amortisation, impairments and provisions	4/5/7	(8,239)	(24,632)
Other operating expenses	3	(23,245)	(23,896)
Operating result		**11,227**	**(9,085)**
Interest expenses	11.4	(19,920)	(38,297)
Interest income		3,681	1,963
Foreign exchange result		(2,415)	8,383
Other net financial results	12	18,032	29,202
Financial result		**(622)**	**1,251**
Share profit or loss from equity affiliates	6.4	**(77)**	**(186)**
Profit or loss before income taxes		**10,527**	**(8,020)**
Income taxes		(6,112)	(4,098)
Profit from continuing operations		**4,415**	**(12,119)**
Profit or loss after tax from discountinued operations		(467)	-
Net profit or loss for the period		**3,948**	**(12,119)**
Total profit or loss attributable to:			
Non controlling interests	10	(3,040)	(3,074)
Owners of the Company		**6,988**	**(9,045)**
Basic earnings in EUR per share	13	0.06	(0.42)
Diluted earnings in EUR per share	13	0.06	(0.42)

*(*) "**Restated**" is the 6 months 2012 Income Statement with an amended presentation of the Joint Ventures contributions, in line with the IFRS 11 transition measures and as detailed in Note 2.3, and Office Sub-fund, as detailed in the 2012 Financial Statements (Note 2.1.3.4).*

II. Condensed consolidated interim statement of comprehensive income

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

	6 months 2013	6 months 2012 Restated
Profit (or Loss) for the period	**3,948**	**(12,119)**
Other comprehensive income (or loss)		
Items that are or may be reclassified subsequently to profit or loss	(6,688)	
Currency translation differences	(6,688)	4,296
Total comprehensive income (or loss) attributable to:	**(2,740)**	**(7,823)**
Owners of the Company	338	(4,626)
Non-controlling interests	(3,078)	(3,197)

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 2013	31 December 2012 restated
NON-CURRENT ASSETS		**1,035,933**	**1,048,083**
Intangible assets		**46,781**	**47,338**
Investment property	4	**776,115**	**782,731**
Property, plant and equipment		**102,257**	**101,882**
Hotels and owner occupied buildings	5	89,468	88,738
Fixtures and fittings		12,789	13,145
Investments in equity affiliates	6.4	**202**	**8,909**
Financial assets at fair value through profit or loss	6.1	**33,577**	**32,919**
Financial assets available-for-sale	6.2	**9,792**	**9,466**
Non current loans and receivables	6.3	**66,825**	**64,486**
Deferred tax assets		**384**	**353**
CURRENT ASSETS		**329,276**	**339,478**
Inventories	7	246,402	262,130
Trade receivables		20,903	22,343
Other current assets		25,092	24,579
Derivative instruments		1,276	20
Current financial assets		-	37
Cash and cash equivalents	9	31,179	23,633
Assets held for sale & Discountinued operations	8	4,424	6,736
TOTAL		**1,365,210**	**1,387,561**

EQUITY & LIABILITIES	Note	30 June 2013	31 December 2012 restated
EQUITY		**457,692**	**443,993**
Equity attributable to owners of the Company	14	**431,621**	**440,156**
Non controlling interests	10	**26,071**	**3,837**
LIABILITIES		**907,518**	**943,568**
Non-current liabilities		**499,736**	**600,096**
Bonds	11.1	61,525	59,193
Financial debts	11.2	309,063	408,196
Provisions & other long term liabilities		24,636	32,574
Deferred tax liabilities		104,512	100,133
Current liabilities		**407,782**	**343,473**
Current bonds	11.3	321	261
Financial debts	11.3	283,119	222,879
Trade payables		24,723	25,570
Advance payments		34,638	32,554
Derivative instruments	11.4	1,882	6,446
Other current liabilities		53,501	45,971
Liabilities linked to assets held for sale & Discountinued operations	8	9,597	9,792
TOTAL		**1,365,210**	**1,387,561**

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 2011 (Restated)	**69,921**	**418,688**	**14,041**	**(22,813)**	**(204,160)**	**275,677**	**8,407**	**284,084**
Impact of the change in consolidation method	*-*	*-*	*-*	*-*	*16,144*	***16,144***	*(3,259)*	***12,885***
Balance at 31 December 2011 (Published)	***69,921***	***418,688***	***14,041***	***(22,813)***	***(220,304)***	***259,533***	***11,666***	***271,199***
Profit (loss) for the period:								
Translation differences			4,418			4,418	(123)	4,295
Profit /(Loss) for the period					(9,044)	(9,044)	(3,074)	(12,118)
Total comprehensive income	**-**	**-**	**4,418**	**-**	**(9,044)**	**(4,626)**	**(3,197)**	**(7,823)**
Capital increase of 14 May 2012	75,283	710			(22,744)	53,248		53,248
Own equity investments				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 (Restated)	**145,204**	**419,398**	**18,459**	**(22,447)**	**(215,705)**	**344,909**	**6,075**	**350,985**
Impact of the change in consolidation method	*-*	*-*	*-*	*-*	*14,101*	***14,101***	*(3,536)*	***10,565***
Prior-Period adjustement (*)	*-*	*-*	*-*	*-*	*(3,662)*	***(3,662)***	*(338)*	***(4,000)***
Balance at 30 June 2012 (Published)	***145,204***	***419,398***	***18,459***	***(22,447)***	***(226,144)***	***334,470***	***9,949***	***344,419***
Profit (loss) for the period:								
Translation differences			3,265			3,265	(152)	3,113
Profit /(Loss) for the period					(32,697)	(32,697)	(1,988)	(34,685)
Total comprehensive income	**-**	**-**	**3,265**	**-**	**(32,697)**	**(29,432)**	**(2,140)**	**(31,572)**
Capital increase of 3 September 2012	264,768	225,150			(367,221)	122,697		122,697
Capital increase of 28 September 2012	32,177	949			(10,366)	22,759		22,759
Non repaid equity part of OCA issued in May 2012					(22,024)	(22,024)	62	(21,962)
Own equity investments				20,577	(23,390)	(2,813)		(2,813)
Non controlling interests' transactions					4,060	4,060	(161)	3,899
Balance at 31 December 2012 (Restated)	**442,148**	**645,497**	**21,724**	**(1,870)**	**(667,343)**	**440,156**	**3,837**	**443,993**
Impact of the change in consolidation method	*-*	*-*	*-*	*-*	*14,456*	***14,456***	*(3,490)*	***10,966***
Balance at 31 December 2012 (Published)	***442,148***	***645,497***	***21,724***	***(1,870)***	***(681,799)***	***425,700***	***7,327***	***433,027***
Profit (loss) for the period:								
Translation differences			(6,650)			(6,650)	(38)	(6,688)
Profit /(Loss) for the period					6,988	6,988	(3,040)	3,948
Total comprehensive income	**-**	**-**	**(6,650)**	**-**	**6,988**	**338**	**(3,078)**	**(2,740)**
Decrease of share's nominal value	(226,466)				226,466	-		-
Own equity instruments				1,639	614	2,253		2,253
Non controlling interests' transactions					(11,127)	(11,127)	25,312	14,184
Balance at 30 June 2013	**215,682**	**645,497**	**15,074**	**(231)**	**(444,402)**	**431,621**	**26,071**	**457,692**

(*) See Note 2.1.3.5 of the December 2012 Consolidated Financial Statements.

<u>Definitions</u>

Share Capital is the initial value for which the shareholders subscribed the shares from the issuing company.

Share Premium is an excess amount received by the Company over the par value of its shares. This amount forms a part of the non-distributable reserves of the Company which usually can be used only for purposes specified under corporate legislation.

Translation Reserve includes exchange differences relating to the translation of the results and net assets of the group's foreign operations from operational to the Group's consolidation currency. Exchange differences previously accumulated in the translation reserve are reclassified to profit or loss on the disposal of the respective foreign assets and operations.

Treasury Shares are shares issued by the Company and controlled by itself. Treasury shares come from a repurchase or buyback from shareholders. These shares do not pay dividends, have no voting rights, and are not included in shares outstanding calculations.

Other Reserves are created from accumulated profits and losses and other equity operations, such as scope variations, variation of detention, or revaluation of assets. These reserves may be subject to the distribution of dividends.

Non-controlling interests are interests of the Group's equity not attributable, directly or indirectly, to a parent. They belong to those shareholders who do not have a controlling interest in the Group.

V. Condensed consolidated interim cash flow statement

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

	30 June 2013	30 June 2012 restated
OPERATING RESULT	**11,227**	**(9,085)**
Net gain / loss from fair value adjustments on investment property	(2,226)	4,741
Amortization, impairments and provisions	8,239	24,632
Net result on disposal of assets	(645)	(885)
Adjusted operating profit / loss	**16,595**	**19,403**
Financial result	(556)	(741)
Income tax paid	(1,629)	(1,057)
Financial result and income taxes paid	**(2,185)**	**(1,798)**
Changes in operating assets and liabilities (*)	**(977)**	**(2,856)**
NET CASH FROM /(USED IN) OPERATING ACTIVITIES	**13,433**	**14,749**
Capital expenditures and tangible assets acquisitions	(1,827)	(1,524)
Proceeds from sales of non current tangible assets (**)	5,203	93,905
Purchase of intangible assets	(166)	(184)
Purchase of financial assets	(145)	-
Loans granted to associates	(4,042)	-
Deferred consideration repayment received from long-term receivables (***)	634	1,747
Proceeds from disposal of associates	8,742	-
Proceeds from disposal of financial assets	1,746	-
NET CASH FROM INVESTING ACTIVITIES	**10,145**	**93,944**
Proceeds on disposal of treasury shares	2,253	-
Proceeds on disposal of partial interests in a subsidiary	7,603	-
Proceeds from borrowings	7,079	493
Net interest paid	(9,026)	(15,423)
Repayments of borrowings	(20,304)	(85,584)
Restructuring fees	(3,094)	
NET CASH USED IN FINANCING ACTIVITIES	**(15,489)**	**(100,514)**
NET INCREASE/(DECREASE) IN CASH	**8,089**	**8,179**
Cash and cash equivalents at the beginning of the year (****)	23,633	32,839
Exchange difference on cash and cash equivalents	(543)	286
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (****)	**31,179**	**41,304**

(*) Changes in operating assets and liabilities include EUR 16.0 million of inventories variation related to the land of Bubny sale (see Note 7). Changes in operating assets and liabilities without Bubny land sale's impact amount to EUR -15.0 million.

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

(***) Deferred consideration related to the sale of our Russian assets portfolio in 2011 recognized as a long term receivable (see Note 6.3).

(****) 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 40 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 29 August 2013.

2 Summary of significant accounting policies

2.1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2012.

Going concern

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 financial performance of the Group is naturally affected by the widely negative macro-economic environment in which the Group has operated over the last 5 years which has generated increased uncertainty about the evolution of the real estate market in Central Europe that damaged the Group's activity and which is slowing down the refinancing negotiations. Nevertheless, economies in Central Europe are recently showing signs of stability if not recovery and 40% of the Group's real estate and financial assets are located in Berlin which is currently amongst the most attractive real estate market in Europe.

The Group's management has been successful in deleveraging the Group with the bonds' restructuring in 2012, stabilizing its bank financing with the resolution of breaches and generating cash by asset sales (mainly Orco Germany SA shares for EUR 8.0 Million in May 2013). On 27 June 2013, the shareholders voted in favor of increasing the authorized capital of OPG which resulted in EUR 15 million of additional investment from the existing shareholders in August 2013.

Besides the assets or subsidiaries requiring successful refinancing of their bank loans, some subsidiaries and joint ventures held by the Group require funding to continue as going concerns. However, these do not threaten the going concern of the Group as a whole. The Group business plan is established on the basis of its capacity to generate sufficient cash from its activities, the shareholders financial support and asset sales in order to fund the activities or assets that are currently in development or restructuring.

Nevertheless with short term liabilities, whether in line with initial contracted term or as a result of covenant breaches, amounting to EUR 293 Million some risks still persist on the refinancing of specific Group assets or activities. (This amount includes EUR 52 Million of long term loan financing of the Zlota 44 development on which an amendment was signed in August 2013 which resolved the covenant breaches and the availability of new drawdowns). Management continuously assesses the status of all refinancing discussions and implications for the Group's ability to continue as a going concern and has noted that there is material uncertainty in respect of the ability to refinance the three loans financing the Hungarian assets - Vaci 1, Paris Department Store and Szervita. OPG has guaranteed the debt servicing for the part that is not covered by the cash flow of local legal entities (as integrated in the Group cash flow forecast). Discussions with the financing bank are on-going in order to secure a joint refinancing of the three loans. If this, and the other significant transactions (shareholder financial support and asset sales) included within the cash flow forecast are cumulatively not successful then this gives rise to a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, to meet its liabilities as they fall due. The condensed consolidated interim financial information does not include any adjustments that might result from the going concern basis of preparation being inappropriate.

Management is confident that the steps and actions initiated are those that will lead to a successful refinancing of most short-term or defaulting loans currently under negotiation. Nevertheless, the Group is dependent on the decisions of third parties and the refinancing negotiations are not yet sufficiently secure. As the risks and uncertainties covered by the contemplated initiatives described above have been included in the cash flow forecast using conservative assumptions, there is a reasonable expectation that the Company can continue its operations in the foreseeable future and, accordingly, conclude that it is appropriate to prepare the condensed consolidated interim financial information as at 30 June 2013 on a going concern basis.

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 2012 consolidated financial statements, except for the application of the revised and new standards and interpretations applied as from 1 January 2013 as described below.

a) New and amended standards adopted by the Group in 2013

The Group adopted the following new norms and amendments in 2013 without impact on the consolidated accounts of the Group:

- Improvement to IFRSs 2009-2011 issued on 17 May 2012 which amends the following standards:

  IFRS 1 (Borrowing costs relating to qualifying assets for which the commencement date for capitalization is before the date of transition to IFRSs), IFRS 1 (Permit the repeated application of IFRS 1), IAS 1 (Clarification of the requirements for comparative information), IAS 16 (Classification of servicing equipment), IAS 32 (Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes), IAS 34 (Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments).

- IFRS 13: Fair Value Measurement.

- Amendment to IFRS 7: Disclosures-Offsetting Financial Assets and Financial Liabilities.

The Group assessed in 2012 (See Note 2.1.3 of the December 2012 Consolidated Financial Statements) that the impact which results from the implementation of the IFRS 10, 11 and 12 is limited to the change in consolidation method of the joint arrangements, in which the Group participates (See Note 2.3). The impact of the implementation of the IAS 19 amendment has been assessed by the Group in 2012 and disclosed in Note 20 of the December 2012 Financial Statements. These assessments were confirmed in 2013.

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- Amendments to IFRS 10, IFRS 11, IFRS 12: Transition guidance
- Amendments IAS 27 (as revised in 2011): Separate Financial Statements
- Amendments IAS 28 (as revised in 2011): Investments in Associates and Joint Ventures
- IFRS 12: Disclosure of Interests in Other Entities
- Amendment to IAS 19 (as revised in 2011): Employee Benefits

b) The following new standards, new interpretations and amendments to standards and interpretations have been adopted by the European Union, but not compulsory before the financial year beginning 1 January 2014 and have not been early adopted by the Group:

- Amendments IAS 32 - Offsetting Financial Assets and Financial Liabilities.

c) The following new standards have been issued by the IASB but are not adopted by the European Union:

- 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;
- Amendment IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets;
- Amendment IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting;
- Interpretation IFRIC 21 – Levies.
- Amendment IFRS 10, IFRS 12, IAS 27 – Investment entities.

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 Change in consolidation method

The Group has early adopted IFRS 11 and changed the criteria for election from Proportionate to Equity Method for consolidation of investments in joint venture (JV). The Group now has to recognize its JVs under the equity method and has consequently restated the opening balance and all the comparative periods. The opening balance of the investments has been measured at the aggregate of the carrying amounts of the assets and liabilities of the entities previously proportionately consolidated which is considered as the deemed cost of the investment at initial recognition.

As of December 2012, the aggregated assets and liabilities of the investment in the Hospitality JV resulted in a net liability of EUR 40.9 Million. As the Group does not have any legal obligation in relation to the negative asset, the Group adjusted the retained earnings and consequently recognized its investment in the Hospitality JV for a nil value. The Profit Participation Loan (PPL) granted to the Hospitality joint venture with the real estate investment funds managed by AIG subsidiary 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.

As a result of this change in consolidation method, as of December 2012:

- The Net Result of the Group decreased by EUR 1.7 Million mainly due to the fact that the Hospitality JV is no longer contributes to the Group Net Result (positive contribution before restatement of EUR 0.8 Million) and the complementary loss in fair value recognized on the PPL (EUR -2.5 Million);
- The Equity of the Group increased by EUR 14.4 Million due to the change in Net Result, the gain resulting from the cap of the non-guaranteed liabilities on the Hospitality JV Equity (EUR + 40.8 Million) and the historical revaluation of the PPL in Equity (EUR -26.3 Million);
- The new entities accounted for under the Equity Method are increasing by EUR 0.2 million the value of Investments under Equity Method before early adoption (see Note 6.4).

	6 months 2012 As published	Impact of the change in consolidation method of the JVs	6 months 2012 As restated
Revenue	**69,455**	**(7,247)**	**62,208**
Sale of goods	*14,002*	*(1,062)*	*12,940*
Rent	*35,096*	*(199)*	*34,896*
Hotels, Extended Stay & Restaurants	*10,749*	*(5,881)*	*4,868*
Services	*9,608*	*(105)*	*9,504*
Net gain or loss from fair value adjustments on Investment Property	(5,309)	568	(4,741)
Other operating income	5,522	(36)	5,487
Net result on disposal of assets	886	(1)	885
Cost of goods sold	(13,610)	909	(12,701)
Employee benefits	(13,593)	1,898	(11,695)
Amortisation, impairments and provisions	(25,806)	1,173	(24,632)
Other operating expenses	(26,557)	2,661	(23,896)
Operating result	**(9,012)**	**(73)**	**(9,085)**
Financial result	**3,053**	**(1,802)**	**1,251**
Share profit or loss from equity affiliates	**-**	**(186)**	**(186)**
Profit or loss before income taxes	**(5,958)**	**(2,062)**	**(8,020)**
Income taxes	(3,839)	(259)	(4,098)
Profit from continuing operations	**(9,798)**	**(2,321)**	**(12,119)**
Profit or loss after tax from discountinued operations	-	-	-
Net profit or loss for the period	**(9,798)**	**(2,321)**	**(12,119)**
Total profit or loss attributable to:			
Non controlling interests	(2,796)	(278)	(3,074)
Owners of the Company	**(7,002)**	**(2,042)**	**(9,045)**
Basic earnings in EUR per share	(0.33)	(0.10)	(0.42)
Diluted earnings in EUR per share	(0.24)	(0.18)	(0.42)

ASSETS	31 December 2012 *As published*	Impact of the change in consolidation method of the JVs	31 December 2012 *As restated*
NON-CURRENT ASSETS	**1,084,801**	**(36,718)**	**1,048,083**
Intangible assets	**47,652**	**(314)**	**47,338**
Investment property	**791,881**	**(9,150)**	**782,731**
Property, plant and equipment	**144,308**	**(42,426)**	**101,882**
Hotels and owner occupied buildings	130,580	(41,843)	88,738
Fixtures and fittings	13,728	(583)	13,145
Investments in equity affiliates	**8,738**	**171**	**8,909**
Financial assets at fair value through profit or loss	**17,918**	**15,001**	**32,919**
Financial assets available-for-sale	**9,466**	**-**	**9,466**
Non current loans and receivables	**64,486**	**-**	**64,486**
Deferred tax assets	**353**	**-**	**353**
CURRENT ASSETS	**345,069**	**(5,591)**	**339,478**
Inventories	265,497	(3,366)	262,130
Trade receivables	22,406	(62)	22,343
Other current assets	25,172	(592)	24,579
Derivative instruments	20	-	20
Current financial assets	37	-	37
Cash and cash equivalents	25,203	(1,570)	23,633
Assets held for sale & Discountinued operations	6,736	-	6,736
TOTAL	**1,429,871**	**(42,309)**	**1,387,561**

EQUITY & LIABILITIES			
EQUITY	**433,039**	**10,954**	**443,993**
Equity attributable to owners of the Company	**425,712**	**14,444**	**440,156**
Non controlling interests	**7,327**	**(3,490)**	**3,837**
LIABILITIES	**996,832**	**(53,264)**	**943,568**
Non-current liabilities	**648,350**	**(48,254)**	**600,096**
Bonds	59,193	-	59,193
Financial debts	451,420	(43,224)	408,196
Provisions & other long term liabilities	36,404	(3,829)	32,574
Deferred tax liabilities	101,334	(1,201)	100,133
Current liabilities	**348,482**	**(5,009)**	**343,473**
Current bonds	261	-	261
Financial debts	223,697	(819)	222,879
Trade payables	26,085	(515)	25,570
Advance payments	32,752	(198)	32,554
Derivative instruments	8,323	(1,878)	6,446
Other current liabilities	47,571	(1,600)	45,971
Liabilities linked to assets held for sale & Discountinued operations	9,792	-	9,792
TOTAL	**1,429,871**	**(42,309)**	**1,387,561**

2.4 Seasonality

Given the seasonal nature of retail sales in the hotel and extended stay residence activities and given the 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.

2.5 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, 2012.

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.a.r.l. : 4.00%;
- Liquidity discount used on the investment in Endurance Fund : 57.5%

	2013		2012	
Per rate type	Min	Max	Min	Max
Discount rate	6,0%	14,0%	5,5%	14,3%
Capitalization yield	NA	NA	7,0%	15,3%
Cap rate	6,0%	18,0%	5,6%	18,0%

Per asset type	Capitalization yield		Cap rate		Discount rate	
	Min	Max	Min	Max	Min	Max
Hospitality	NA	NA	7,5%	17,0%	8,0%	14,0%
Berlin portfolio	NA	NA	6,0%	8,3%	6,0%	9,4%
Central Europe portfolio AHD	NA	NA	8,5%	13,0%	8,0%	13,0%
Central Europe portfolio Rental	NA	NA	7,5%	18,0%	7,3%	12,5%

The principal assumptions underlying management's estimation of fair value are those related to: the potential use of the asset, the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. The fair value is based on the potential use of the properties as determined by the Group. Fair value is the highest value, determined from market evidence, by considering any other use that is financially feasible, justifiable and reasonably probable. The "highest and best-use" value results in a property's value being determined on the basis of redevelopment of the site. These valuations are regularly compared to actual market yield data, actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Change of the Discount Rate and of the Exit Capitalization Rate would have the following impact on the portfolio of rental assets:

Figures in EUR Million

Portfolio	Discount Rate		Exit Cap Rate	
	DR - 25 bps	DR + 25 bps	ECR - 25 bps	ECR + 25 bps
Berlin Portfolio	9,76	(9,56)	9,41	(8,79)
Central Europe Portfolio	3,77	(3,69)	3,28	(3,09)
Total	13,53	(13,25)	12,69	(11,88)

DR : Discount rate, ECR : Exit Capitalization Rate

Out of the short term liabilities, whether in line with initial contracted term or as a result of covenants' breaches, amounting to EUR 293 Million a total amount of EUR 279 Million need to be restructured or refinanced. Such loans have Group assets pledged in guarantee amounting to EUR 469 Million. For all of them the Group has retained the same valuation principles than any other comparable asset even though there is a risk that refinancing talks might not have a positive achievement. Indeed, the risk is considered as remote on the basis of the constructive oral and written exchanges with financing banks at the time of the publication of this report.

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 interest, 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 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's 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 Property Investment Business 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 respect 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 fund allocation after draw down 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 it is non-relevant.

3.1 Segment Reporting - 30 June 2013

Profit & Loss 30 June 2013	Development	Property Investments	TOTAL
Revenue	**25.593**	**45.760**	**71.353**
Sale of goods	*25.281*	*79*	***25.360***
Rent	*170*	*31.743*	***31.913***
Hotels, Extended Stay & Restaurants	*23*	*5.435*	***5.458***
Services	*120*	*8.504*	***8.624***
Net gain or loss from fair value adjustments on investment property	(489)	2.715	**2.226**
Cost of goods sold	(20.686)	(642)	**(21.328)**
Impairments - Allowance	(3.291)	(575)	**(3.866)**
Impairments - Write-Back	122	253	**375**
Amortization and provisions	(770)	(3.980)	**(4.750)**
Other operating results	(5.851)	(26.935)	**(32.786)**
Operating Result	**(5.371)**	**16.597**	**11.226**
Net gain or loss from fair value adjustments on investment property	489	(2.715)	**(2.226)**
Impairments - Allowance	3.291	575	**3.866**
Impairments - Write-Back	(122)	(253)	**(375)**
Amortization and provisions	770	3.980	**4.750**
Net result on disposal of assets	(525)	(119)	**(644)**
Adjusted EBITDA	**(1.469)**	**18.064**	**16.595**
Financial Result			**(622)**
Share profit or loss from equity affiliates			**(77)**
Profit & Loss before Income Tax			**10.527**

Balance Sheet & Cash Flow 30 June 2013	Development	Property Investments	TOTAL
Segment Assets	**265,981**	**844,190**	**1,110,171**
Investment Property	21,637	754,478	**776,115**
Property, plant and equipment	-	89,510	**89,510**
Inventories (*)	244,344	-	**244,344**
Assets held for sale	-	-	**-**
Investments in equity affiliates	-	202	**202**
Unallocated assets			*255,038*
Total Assets			**1,365,209**
Segment Liabilities	**-**	**-**	**-**
Liabilities linked to assets held for sale	-	-	**-**
Unallocated liabilities			*1,365,209*
Total Liabilities			**1,365,209**
Cash flow elements	**96**	**1,104**	**1,200**
Capital expenditure	96	1,104	**1,200**

Direct Operating Expenses 30 June 2013	Development	Property Investments	TOTAL
Direct operating expenses arising from investment property that :			
- generated rental income	(34)	(17,716)	**(17,750)**
- did not generated rental income	(41)	(125)	**(166)**

(*) The only allocable inventories are related to the real estate properties.

3.2 Segment Reporting - 30 June 2012 restated

Profit & Loss 30 June 2012 (restated)	Development	Property Investments	TOTAL
Revenue	16,321	45,887	62,208
Sale of goods	*12,857*	*84*	***12,941***
Rent	*3,345*	*31,551*	***34,896***
Hotels, Extended Stay & Restaurants	*-*	*4,868*	***4,868***
Services	*119*	*9,384*	***9,503***
Net gain or loss from fair value adjustments on investment property	1,579	(6,319)	**(4,740)**
Cost of goods sold	(12,226)	(475)	**(12,701)**
Impairments - Allowance	(18,962)	(697)	**(19,659)**
Impairments - Write-Back	(835)	868	**33**
Amortization and provisions	(3,897)	(1,110)	**(5,007)**
Other operating results	(4,843)	(24,376)	**(29,219)**
Operating Result	(22,862)	13,778	(9,084)
Net gain or loss from fair value adjustments on investment property	(1,579)	6,319	**4,740**
Impairments - Allowance	18,962	697	**19,659**
Impairments - Write-Back	835	(868)	**(33)**
Amortization and provisions	3,897	1,110	**5,007**
Net result on disposal of assets	(923)	38	**(885)**
Adjusted EBITDA	(1,671)	21,074	19,403
Financial Result			1,251
Share profit or loss from equity affiliates			(186)
Profit & Loss before Income Tax			(8,020)

Balance Sheet & Cash Flow 30 June 2012 (restated)	Development	Property Investments	TOTAL
Segment Assets	411,757	882,566	1,294,323
Investment Property	37,170	758,856	**796,026**
Property, plant and equipment	-	97,118	**97,118**
Inventories (*)	371,012	-	**371,012**
Assets held for sale	3,575	-	**3,575**
Investments in equity affiliates	-	26,592	**26,592**
Unallocated assets			*240,188*
Total Assets			**1,534,511**
Segment Liabilities	-	-	-
Liabilities linked to assets held for sale	-	-	-
Unallocated liabilities			*1,534,511*
Total Liabilities			**1,534,511**
Cash flow elements	599	1,646	2,245
Capital expenditure	599	1,646	**2,245**

Direct Operating Expenses 30 June 2012 (restated)	Development	Property Investments	TOTAL
Direct operating expenses arising from investment property that :			
- generated rental income	(49)	(18,444)	**(18,493)**
- did not generated rental income	(67)	(75)	**(142)**

(*) The only allocable inventories are related to the real estate properties.

"Restated": *See Note 2.3 of the present Financial Statements and Note 2.1.3.4 of the December 2012 Consolidated Financial Statements.*

4 Investment property

The main assumptions used to calculate the fair value of the projects are disclosed in Note 4.1 of the December 2012 Consolidated Financial Statements.

	Freehold buildings	Extended stay hotels	Land bank	TOTAL
Balance at 31 December 2011 (*)	**804,588**	**18,724**	**39,472**	**862,784**
Scope movements	-	-	(6,322)	(6,322)
Investments / acquisitions	1,511	5	599	2,114
Asset sales	(73,530)	-	(1,073)	(74,603)
Revaluation through income statement	(8,007)	16	477	(7,514)
Changes in classification	(1,380)	-	(5,450)	(6,830)
Transfers in/from asset held for sale	(1,450)	-	928	(522)
Other transfers	-	(20)	(1,206)	(1,226)
Translation differences	12,711	482	1,656	14,849
Balance at 31 December 2012 (*)	**734,443**	**19,207**	**29,081**	**782,731**
Investments / acquisitions	1,031	-	96	1,127
Asset sales	(181)	-	(4,467)	(4,648)
Revaluation through income statement	3,682	(967)	(490)	2,226
Transfers in/from asset held for sale	1,450	-	-	1,450
Other transfers	-	-	39	39
Translation differences	(5,186)	(590)	(1,032)	(6,808)
Balance at 30 June 2013	**735,239**	**17,650**	**23,227**	**776,115**

(*) Restated

❖ In 2013

54 investment properties (EUR 739.9million) financed by bank loans located in special purpose entities are fully pledged for EUR 469.3 million.

a) Investments / Acquisitions

Over the first 6 months of 2013, the Group has invested EUR 1.1 million representing mainly the capitalization on mixed retail and office portfolio in Berlin for EUR 0.7 million.

b) Asset sales

The main disposal recognized over the period is the sale of U Hranic SPV, in Prague, for a total sale price of EUR 4.3 million.

The net gain of the asset sale amounts to EUR 0.5 million in P&L which is mainly explained by accumulated foreign exchange losses in consolidated equity amounting to EUR 0.3 million.

c) Revaluation through the income statement (6 months – June 2013)

	Freehold buildings	Extended stay hotels	Land bank	TOTAL
Czech Republic	(2,344)	(967)	(574)	(3,885)
Germany	15,827	-	-	15,827
Poland	53	-	100	153
Croatia	-	-	(16)	(16)
Hungary	(7,895)	-	-	(7,895)
Slovakia	(2,320)	-	-	(2,320)
Luxembourg	360	-	-	360
Balance at 30 June 2013	**3,682**	**(967)**	**(490)**	**2,226**

The movements in fair value of the assets are mainly related to the freehold buildings and land bank:

- In Germany with a positive revaluation of the Kreuz-Berg (EUR 12.4 million), Rest-West (EUR 6.2 million) and Gebauer-Hofe (EUR 0.6 Million) buildings and a negative revaluation of the None-Core (EUR -0.5 million) and East (EUR -2.9 million) buildings.
- In the Czech Republic with the Freehold buildings of Bubenska (EUR -2.9 million) and Na Porici (EUR 1.0 million), the Land bank of Bellevue Grand (EUR -0.6 million) and the Pachtuv Palac, extended stay hotel in Prague (EUR -1.0 million);
- In Poland with a land bank in Krakow and Diana Office for a total of EUR 0.1 million;
- In Hungary with the freehold buildings Vaci 1 (EUR -4.8 million), Szervita (EUR -1.5 million) and the Main Budapest Bank (EUR -1.6 million);
- In Slovakia with an decrease in fair value mainly explained by Dunaj (EUR -2.3 million) an rental property;
- In Luxembourg with the freehold building of Cappellen (EUR 0.4 million).

d) Transfers

Land banks – Changes in classification

The EUR 0.2 million are related to the Szczecin project variances (including translation differences for EUR 0.2 million) over the period which have to be reclassified in Discontinued Operation, according to the change in classification of this project in 2012.

Freehold buildings – Transfers from Held for Sale Assets

As the sale was canceled the Group has decided to transfer back the freehold building Skalitzer Str. in Berlin from Held for Sale Assets for EUR 1.5 million.

❖ In 2012

54 investment properties (739.8 million) financed by bank loans located in special purpose entities are fully pledged for EUR 478.0 million.

a) Investments / Acquisitions

Over the year 2012, the Group has invested EUR 2.1 million in Investment Properties representing mainly capitalization on mixed retail and office in Berlin for EUR 1.0 million, land banks in the Czech Republic and Poland for EUR 0.6 million and the Szervita mixed office and parking property in Budapest for EUR 0.3 million.

Over the year 2012, the Group did not proceed to any asset acquisition or any acquisition through business combinations.

b) Asset sales

As of 31st of December 2012, the net book value ("NBV") of the assets sold represents EUR 74.6 million, for a total sale price of EUR 75.9 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:

- Radio Free Europe in Prague (NBV of EUR 70.0 million) at the sale price of EUR 69.3 million;
- 4 assets in Vinohrady, Prague (NBV of EUR 1.9 million) at the sale price of EUR 1.4 million;
- Ackerstrasse 81 and 93 in Berlin (NBV of EUR 1.5 million) at the sale price of EUR 2.0 million;
- Elb loft in Hamburg (NBV of EUR 1.1 million) at the sale price of EUR 1.5 million.

The total net loss compared to the December 2011 net book value of the assets amounts to EUR 2.1 million in P&L which is mainly explained by accumulated foreign exchange losses in consolidated equity amounting to EUR 1.8 million on Radio Free Europe.

c) Revaluation through the income statement (12 months – December 2012)

	Freehold buildings	Extended stay hotels	Land bank	TOTAL
Czech Republic	(5,393)	16	1,099	(4,278)
Germany	17,690	-	360	18,050
Poland	(1,824)	-	(654)	(2,478)
Croatia	-	-	(327)	(327)
Hungary	(13,114)	-	-	(13,114)
Slovakia	(3,837)	-	-	(3,837)
Russia	-	-	-	-
Luxembourg	(1,530)	-	-	(1,530)
Balance at 31 December 2012 (*)	**(8,007)**	**16**	**477**	**(7,514)**

(*) Restated

The movements in fair value of the assets are mainly related to the freehold buildings and land bank:

- In Germany with the freehold buildings Gneisenaustrasse (EUR 1.0 million), Pankow (EUR 1.1 million), Schlesische Str. (EUR 1.3 million), Kopenicker Str. (EUR 1.4 million) Reichenberger Str. (EUR 1.4 million), Helmholtz Str. (EUR 1.5 million) Zossener Str. (EUR 1.6 million) and Franklinstrasse (EUR 2.9 million).
- In the Czech Republic with the Freehold buildings of Bubenska (EUR -3.5 million), Na Porici (EUR -1.3 million) and the Land banks of Decin (EUR -0.8 million), Na Frantisku (EUR 0.6 million), U Hranic (EUR 0.9 million) and Praga (EUR 1.5 million);
- In Poland with the Freehold buildings Marki (EUR -1.1 million) and Diana Office (EUR -0.7 million);
- In Hungary with the freehold buildings Vaci 1 (EUR -6.0 million), Paris Department Store (EUR -3.0 million), Szervita (EUR -2.3 million) and the Main Budapest Bank (EUR -1.6 million);
- In Slovakia with an decrease in fair value mainly explained by Dunaj (EUR -3.8 million) an rental property;
- In Croatia with the decrease in fair value mainly related to the Camping Vira (EUR 0.3 million);
- In Luxembourg with the freehold building of Cappellen (EUR -1.5 million).

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 Mezihori residential development started in 2012 with more than 50% of pre-sales registered. In consequence this asset has been transferred in Inventories for EUR 2.7 million.

The Szczecin project is reclassified in Discontinued Operation for EUR 4.7 million.

Freehold Buildings – Changes in classification

The Group started in 2012 the residential development of Naunynstrasse 68 a rental property located in Berlin and as a consequence the asset has been transferred in Inventories for EUR 1.4 million.

Land banks – Transfers from / 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:

- Skalitzer Str. in Berlin for EUR 1.5 million;
- Kufurstenstrasse in Berlin for EUR 0.6 million.

As the sale was cancelled the Group has decided to transfer back the land bank Na Frantisku in Ostrava from Held for Sale Assets for EUR 1.5 million.

List of major investment properties

	6 months to June 2013		12 months to December 2012 (*)	
	Revaluation	Fair value	Revaluation	Fair value
Freehold Buildings	3,681	735,238	(8,007)	734,443
Germany	**15,827**	**519,919**	**17,690**	**501,995**
Mixed Retail & Office	15,827	519,919	17,690	501,995
Czech Republic	**(2,344)**	**101,232**	**(5,393)**	**107,003**
Residential	-	-	(6)	185
Office	(2,981)	15,405	(3,487)	18,925
Mixed Retail & Office	403	64,042	(1,041)	65,654
Industrial	234	21,785	(859)	22,239
Slovakia	**(2,320)**	**7,750**	**(3,837)**	**10,070**
Mixed Retail & Office	(2,320)	7,750	(3,837)	10,070
Hungary	**(7,895)**	**68,741**	**(13,114)**	**77,360**
Retail	(4,832)	36,841	(6,027)	42,100
Office	(1,634)	11,260	(1,737)	13,070
Mixed Retail & Office	(1,429)	20,640	(5,350)	22,190
Poland	**53**	**14,136**	**(1,823)**	**14,915**
Office	44	5,340	(687)	5,610
Mixed Logistics & Industrial	9	8,796	(1,136)	9,305
Luxembourg	**360**	**23,460**	**(1,530)**	**23,100**
Office	360	23,460	(1,530)	23,100

	6 months to June 2013		12 months to December 2012 (*)	
	Revaluation	Fair value	Revaluation	Fair value
Land Bank	(491)	23,227	478	29,081
Czech Republic	**(575)**	**14,652**	**1,099**	**20,471**
Residential Development	(463)	10,090	1,906	15,668
Retail & Office Development	(75)	296	(771)	380
Land bank	(37)	4,266	(36)	4,423
Germany	**-**	**2,750**	**360**	**2,750**
Residential	-	2,750	-	2,750
Retail & Office Development	-	-	360	-
Poland	**100**	**3,015**	**(654)**	**3,070**
Residential Development	100	3,015	(654)	3,070
Croatia	**(16)**	**2,810**	**(327)**	**2,790**
Land bank	(16)	2,810	(327)	2,790
Extended stay hotels	(967)	17,650	16	19,207

(*) restated

5 Hotels and owner-occupied buildings

Hotels and owner-occupied buildings	Owner-occupied Buildings	Hotels	TOTAL
GROSS AMOUNT			
Balance as at 31 December 2011 (*)	**6,678**	**136,301**	**142,978**
Investments / acquisitions	99	80	180
Disposal	-	(691)	(691)
Transfer	(5)	(3,555)	(3,560)
Translation differences	(4)	(144)	(148)
Balance as at 31 December 2012 (*)	**6,767**	**131,991**	**138,759**
Investments / acquisitions	15	58	73
Disposal	-	(3)	(3)
Transfer	(58)	-	(58)
Translation differences	46	1,676	1,722
Balance as at 30 June 2013	**6,770**	**133,722**	**140,492**
AMORTISATION AND IMPAIRMENT			
Balance as at 31 December 2011 (*)	**2,260**	**41,731**	**43,991**
Amortisations - Allowance	28	805	833
Amortisations - Disposal	-	(94)	(94)
Impairments - Allowance	50	7,404	7,453
Impairments - Write-Back	-	(439)	(439)
Transfer	-	(1,651)	(1,651)
Translation differences	(3)	(70)	(72)
Balance as at 31 December 2012 (*)	**2,335**	**47,686**	**50,021**
Amortisations - Allowance	14	400	414
Impairments - Write-Back	(52)	-	(52)
Translation differences	27	615	642
Balance as at 30 June 2013	**2,324**	**48,700**	**51,024**
NET AMOUNT			
Balance as at 30 June 2013	**4,446**	**85,022**	**89,468**
Balance as at 31 December 2012 (*)	*4,432*	*84,306*	*88,738*
Balance as at 31 December 2011 (*)	*4,418*	*94,569*	*98,987*

(*) restated

❖ In 2013

15 assets (EUR 86.5 million) financed by bank loans in local special purpose entities are fully pledged for EUR 55.5 million.

Over the first 6 months of the year 2013, the hotels and owner-occupied buildings were not impacted by any unusual or significant transaction or movement.

The impairment test based on the June 2013 DTZ valuation led to the recognition of EUR 0.1 million of impairment write-back on the owner-occupied building Franklinstrasse 27 in Berlin. In June 2013, the management did not request any expert valuation report on the Croatian assets as it was confident that the valuation assumptions as of December 2012 remain valid.

❖ In 2012

15 assets (EUR 85.8 million) financed by bank loans in local special purpose entities are fully pledged for EUR 55.5 million.

The net disposal of EUR 0.6 million is related to 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 - Investment Property).

The impairment tests based on the December 2012 DTZ valuation led to the recognition of EUR 7.0 million of impairments, mainly related to the hotels in Suncani Hvar.

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 investments in the "Residential" Sub-funds of Endurance Real Estate Fund amounts to EUR 1.4 million (EUR 1.5 million in 2012).The Endurance Real Estate Fund is divided in three specialized sub-funds. The change in fair value recorded in 2013, based on the net asset value as provided by the fund Manager in its report as at 31 March 2013 and a liquidity discount of 57.5% (57.5% in 2012);

- Sub fund Office I (See Note 2.1.3.4 of the December 2012 Consolidated Financial Statements) and Office II were sold during the first semester 2013 valued at fair value as at 31 December 2012 for EUR 8.7 million and EUR 0.8 million, respectively;

- The loan granted to the company Uniborc amounts to EUR 4.0 million. This joint venture with Unibail, started in April 2013, is mainly financed through equity loan by both partners in the same proportion as their respective shareholdings. This loan represents 20% of the transaction value of the land plot transferred to the joint venture;

- The Profit Participation Loan (PPL) granted to the Hospitality joint venture with the real estate investment funds managed by AIG subsidiary 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 PPL fair value amounts to EUR 27.9 million as at 30 June 2013 (EUR 30.4 million in 2012). Actually, the value of the PPL is only depending of the JV's capacity to refinance the loan granted by Erste Bank for EUR 75.1 million which matures on 2014. Furthermore, the Group did not grant any guarantee to Erste Bank, neither to the JV. As a consequence the maximum risk for the Group is limited to the PPL value.

6.2 Available-for-sale financial assets

The "Available-for-sale financial assets" balance sheet line is only composed of the Convertible Promissory Note attached to the sale of Radio Free Europe, amounting to EUR 9.7 million (EUR 9.4 million in December 2012). 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 reviewed annually to assess for any impairment indicator.

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 27.8 million compared to EUR 26.9 million as at December 2012, Molcom for EUR 38.0 million compared to EUR 36.8 million after repayment of EUR 0.6 million and capitalization of interests for EUR 1.8 million at a 10% interests rate.

6.4 Investments in Equity Affiliates

As of June 2013, the Group is involved in the following joint ventures consolidated under the equity method, for EUR 0.2 million:

- The Hospitality JV which is recognized for a nil value (see Note 2.3);

- The Kosic JV (Kosic Sarl & SV Faze II s.r.o) recognized for EUR 0.1 million (EUR 0.1 million as of December 2012);

- The Knorrstrasse JV (Knorrstrasse 119 Gmbh & Co KG) recognized for EUR 0.1 million (EUR 0.1 million as of December 2012);

The investment in the sub-fund "Office I" of Endurance Real Estate Fund recognized for EUR 8.7 million as of December 2012 was sold to J&T Banka a.s on 4 February 2013 for a total sale price of EUR 8.7 million.

7 Inventories

	June 2013	December 2012 restated
Opening Balance	**262,130**	**373,553**
Impairments - Allowance	(2,915)	(33,149)
Impairments - Write-Back	10	-
Transfers	(7)	4,116
Translation differences	(11,633)	12,913
Development costs	20,145	45,767
Cost of goods sold	(21,328)	(141,071)
Closing Balance	**246,402**	**262,130**
o/w carried at deemed cost	*162,962*	*164,883*
o/w carried at fair value less costs	*83,440*	*97,248*

Inventories properties are developed with the intention to be resold.

❖ In 2013

3 projects (EUR 216.2 million) financed by bank loans located in special purpose entities are fully pledged for EUR 61.6 million.

Capitalized development costs of EUR 20.1 million mainly comprise of Zlota 44 (EUR 12.2 million), Mezihori (EUR 3.9 million), Bubny (EUR 1.4 million) and Benice (EUR 1.2 million).

The cost of goods sold amounts to EUR 21.3 million and is composed mainly of EUR 16.1 million related to the land plot of Bubny sold to Unibail (as of June 2013, the Group holds 20% of Uniborc, the new owner of this plot, see Note 6.1), for EUR 1.7 million on the commercial development of Koliba, and for the remaining amount on the following residential projects: Benice for EUR 0.9 million, Klonowa Aleja for EUR 0.8 million, Mostecka for EUR 0.6 million and Feliz for EUR 0.6 million.

The impairment tests based on the Gross Development Value (as estimated by DTZ) less Remaining Development Costs as at June 2013 led to the recognition of EUR 2.9 million of impairment allowances mainly related to the residential development Benice I & II in the Czech Republic for EUR 2.8 million.

❖ In 2012

3 projects (EUR 213.9 million) financed by bank loans located in special purpose entities are fully pledged for EUR 71.7 million.

Capitalized development costs of EUR 46.7 million mainly comprise of Zlota 44 (EUR 29.4 million), Sky Office (EUR 2.4 million), Mezihori (EUR 5.3 million), Bubny (EUR 2.6 million) and Benice (EUR 2.5 million).

Cost of goods sold amounting to EUR 142.8 million have been registered mainly for EUR 117.3 million on the commercial project Sky Office (Dusseldorf), for EUR 2.9 million on the land bank Vavrenova and for the remaining amount on the following residential projects: Koliba for EUR 5.5 million, Klonowa Aleja for EUR 4.2 million, Mostecka for EUR 2.1 million, Benice for EUR 1.6 million, Mokotowska for EUR 1.5 million, Pivovar Vrchlabi for EUR 1.4 million and Hochwald for EUR 1.2 million.

The impairment tests based on the Gross Development Value (as estimated by DTZ) less Remaining Development Costs as at December 2012 led to the recognition of EUR 8.8 million of impairments allowances mainly related to the residential development in the Czech Republic for EUR 5.6 million and Koliba in Bratislava for EUR 2.1 million. Moreover, the cancellation of the sales negotiations in September led the Group to recognize an impairment of EUR 24.3 million on Sky Office building in order to adjust the book value to the realizable value under distressed conditions. Indeed the pressure of the financing bank and the need to fill GSG refinancing gap did not leave the opportunity to secure an arm's length sale.

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

Assets held for sale (*)	June 2013	December 2012 restated
Opening Balance	**2,050**	**24,129**
Asset sales	(600)	(22,639)
Transfer in	-	2,050
Transfer out	(1,450)	(1,528)
Translation differences	-	38
Closing Balance	**-**	**2,050**

Liabilities linked to assets (*)	June 2013	December 2012 restated
Opening Balance	**-**	**15,890**
Repayment of loans	-	(15,890)
Transfer in	-	-
Transfer out	-	-
Translation differences	-	-
Closing Balance	**-**	**-**

(*) This table does not present the Discontinued Operations (See Note 6 of the December 2012 Consolidated Financial Statements).

❖ **In 2013**

During 2013, the German asset Berlin Kufurstenstrasse 11 with a net booked value of EUR 0.6 million was sold for a sale price of EUR 0.6 million. There were no liabilities financing this asset. On the other hand, the cancellation of disposal of German asset Skalitzerstrasse 127/128 resulted in its transfer back to Investment Property for its fair value of EUR 1.5 million (See Note 4).

❖ **In 2012**

As of 31 December 2012 the Group validated the sale of 2 plots of land in Berlin:

- Skalitzer valued at EUR 1.5 million;
- Kufuerstenstrasse 11 valued at EUR 0.6 million.

Over the year 2012, the Group sold 6 assets for EUR 22.6 million and repaid EUR 15.9 million of financing liabilities upon sales:

- Kurfustendamm 102 an investment properties in Berlin valued at EUR 6.3 million and financed by a liability of EUR 6.4 million fully repaid upon sale;
- Bergfried an investment properties in Berlin valued at EUR 3.7 million;
- Huttendorf an investment property in Dusseldorf valued at EUR 6.5 million and financed by a liability of EUR 4.3 million fully repaid upon sale;
- Ackerstrasse 83/84 an investment property in berlin valued at EUR 0.6 million;
- Kufurstenstrasse 13/14 an investment property in berlin valued at EUR 2.4 million;
- Przy Parku valued at EUR 3.1 million and financed by a liability of EUR 5.1 million fully repaid upon sale.

The Na Frantisku land bank in Ostrava has been transfer back in investment properties for EUR 1.5 million.

9 Cash and cash equivalents

As at 30 June 2013, cash and cash equivalents consist of short-term deposits for EUR 0.5 million (EUR 3.0 million in December 2012), cash in bank for EUR 30.5 million (EUR 20.5 million in December 2012) and cash in hand for EUR 0.1 million (EUR 0.1 million in December 2012).

Figures as of December 2012 are presented after restatement for IFRS 11 modification.

The cash in bank includes restricted cash for EUR 21.3 million in 2013 (EUR 17.1 million in 2012) representing:

- Cash deposited in the Group's joint operations as third party approval is needed for withdrawal for EUR 0.6 million (EUR 0.2 million in 2012) ;
- Cash deposited in accounts as guarantee for EUR 1.4 million (EUR 1.6 million in 2012);
- Cash deposited in accounts reserved as collateral for development projects and lifted after sales of units for EUR 7.7 million (EUR 7.1 million in 2012);
- Cash deposited in accounts reserved as collateral for loans related to property for EUR 11.7 million (EUR 8.1 million in 2012).

As of December 2012, the joint ventures and joint operations were regrouped under the label "Joint Ventures". Following to the adoption of IFRS 11 (See Note 2.3), the Group is now only disclosing the restricted cash in bank related to the joint operations. Furthermore, as of June 2013, a new category has been created "cash held as a guarantee" and the restricted cash in bank as of December 2012 has been reallocated in consequence.

10 Non-controlling interest transactions

❖ **In 2013**

On 3 June 2013, the Board of Directors of ORCO Germany, pursuant to the extraordinary shareholders meeting resolution of 2012 (See Note 19.1 of the December 2012 Consolidated Financial Statements), took a decision to further partially implement the capital increase by converting the bonds held by the Group into shares. As a result, 28,028,982 of new OG ordinary shares were issued on 6 June and the Group increased the percentage of its interest in ORCO Germany from 98.02% to 98.28%. This transaction led to a decrease of equity attributable to owners of the Company by EUR 0.4 million.

During June, the Group sold 20,003,250 shares of ORCO Germany on the market and 3,141,393 shares were sold to managers of the Group.

Consequently, the Group participation and controlling interest in ORCO Germany was diluted by 10.06 % and decreased to 88.22 %. The sale resulted in a decrease of equity attributable to owners of the Company by EUR 10.6 million.

Moreover, during 2013 the Company capitalized the equity loans granted to Orco Praga, s.r.o. and Jihovychodni Mesto, a.s simultaneously and proportionally with Endurance Residential Finance S.à. r.l, owning 25% of the subsidiaries. As a result, the percentage of interests of the Group didn't change, but the consolidated reserves of the non-controlling interests increased by EUR 5.2 million.

❖ 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 June 2012, the company Orco Property s.p.z.o.o. capitalized its equity loan with the Company and with the partner Endurance Residential Asset. This capital increase wasn't subscribed proportionally. Consequently, this transaction resulted in a direct and indirect decrease of the percentage of interest of the Group in that company holding the Zlota 44 project from 95.5% to 91.12%. Consequently, the loss on dilution in the consolidated reserves group share amounted to EUR 0.2 million.

As at 27 September 2012, the company ORCO Germany converted its OCA hold by the Group into shares. Consequently, this transaction allowed to increase the percentage of interest of the Group in that company from 91.56% to 98.02% and generated a gain on the dilution in the consolidated reserves group share of EUR 3.6 million

During the last quarter 2012, the subsidiary Development Doupovská capitalized a supplier debt amounting to EUR 1.6 million. As a result, this transaction led to a direct and indirect decrease of the percentage of interest of the Group in this company from 100% to 75% and a net increase of the consolidated reserves group share of EUR 1.1 million.

On September 2012, the Court of Justice of Warsaw delivered its declaration about the bankruptcy of the subsidiary Józefosław Project. Since, the Group has no control over this company and it will be liquidated by the administrator in bankruptcy. Therefore, this subsidiary was deconsolidated from the Group scope with the net impact on the minority interests of EUR of 0.4 million.

As at 27 December 2012, the company Zeta Estate a.s. purchased 25% of shares of its subsidiary Byty Podkova from Tech Invest Ostrava a.s. increasing its ownership of this subsidiary. This transaction led to a direct increase of the percentage of interest of the Group in this company from 75% to 100% and a net decrease of the consolidated reserves group share of EUR 0.04 million.

11 Borrowings, bank loans and bonds

11.1 Non-current bonds

Non-current bonds	Convertible bonds	Non Convertible bonds and New Notes	TOTAL
Balance at 31 December 2011 restated	**64,383**	**98,995**	**163,378**
Reclassification from convertible to non convertible bonds	(64,383)	64,383	-
Sales Own bonds		3,059	3,059
Interest Safeguard Bonds		25,382	25,382
Interest New Notes		2,049	2,049
Transfer from short term to long term		122,248	122,248
Transfer from long term to short term		(261)	(261)
Redemption premium OG bonds		25,025	25,025
Coupon capitalized OG bonds		4,004	4,004
Exchange of 84.5 % of OG bonds at book value		(109,129)	(109,129)
Conversion as at 03.09.2012 into New Shares (89.90%)		(190,693)	(190,693)
Exchange as at 04.10.12 against New Notes		(40,977)	(40,977)
Recognition of New Notes		55,106	55,106
Balance at 31 December 2012 restated	**-**	**59,193**	**59,193**
Interets on Safeguard Bonds		331	331
Transfer from LT to ST Safeguard to be paid in 2014		(318)	(318)
Interets on New Notes		2,739	2,739
Repayment New Notes		(420)	(420)
Balance as at 30 June 2013	**-**	**61,525**	**61,525**

❖ In 2013

No new bonds or new notes have been issued during the first half of the year. The transfer corresponds to the interests related to the Safeguard bonds to be paid in April 2014. The EUR 0.4 million were repaid as part of the cash sweep as a consequence of the Sky Office's sale which is one of the assets included in the protocol.

❖ 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 on all bonds issued by both companies. General meetings, held end of April and beginning of May all duly and overwhelmingly voted in favor of the restructuring. The request for modification of OPG Safeguard plan was circularized to all the Safeguard creditors to approve or not the new terms (as none of them apart from the bondholders approved, they would 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.

Restructuring of OG and OPG bonds by issuance of new OPG shares:

Exchange of 84.5 % of OG bonds:

OPG exchanged on the 9 May 2012 84.5% of the bonds issued by OG, a fully consolidated subsidiary, into OPG issued bonds convertible into shares which were in turn fully repaid with 26 million OPG shares. These acquired OG bonds were converted into 141.724.871 OG shares on 27 September 2012 issued at a price of EUR 0,712 per share. The consideration given in exchange of the 84.5% OG bonds was in the form of bonds redeemable in OPG shares ("OCA"=Obligations convertibles en actions") in two tranches:

- The first tranche was automatically redeemed a few days after issuance in OPG shares at agreed price.
- The second tranche was converted into OPG shares at agreed price in September 2012.

The OCA issued as consideration was 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 84.5% of the OG bonds and the OCA amounting to EUR 31.1 million was recognized directly in financial income net of EUR 2.0 million restructuring costs (portion attributable to the OG bond exchange into OCA). The liability part of the first tranche of the OCA at issuance was close to zero as there would never be any cash payment. This transaction resulted in the recognition at issuance of an increase of the consolidated equity for EUR 76.0 million represented by 26.209.613 new OPG shares (issued in May and in September 2012) at EUR 2,90 per share on 9 May 2012.

Conversion of 89.9% of OPG Bonds as at September 3rd 2012 into New Shares:

As a result of the approval of all bondholders' general assemblies, only one scenario of the joint agreement was applicable, i.e. 89.9% of the OPG bonds were automatically converted into 64.577.483 OPG shares on 3 September 2012 with a market price of EUR 1,90 per share, i.e. a capital increase of 122.7 million. As of 3 September 2012, the book value of the converted bonds amounted to EUR 190.7 million. The result on the conversion amounting to EUR 58.2 million and corresponding to the difference between the book value of the OPG bonds converted and the market value of the shares issued was recognized in financial income net of EUR 9.8 million restructuring costs (portion attributable to the OPG conversion).

Restructuring of OG and OPG bonds by issuance of New Notes

The OG and OPG bonds remaining after the exchange against OCA and the conversion into OPG shares were proposed to an exchange against New Notes which main terms are listed in point 19.2 of the December 2012 Consolidated Financial Statements. As at 4 October 2012, 93.4% of the remaining bonds were exchanged against new notes for EUR 73.1 million of nominal value. As of the date of exchange, the book value of the exchanged bonds amounted to EUR 41.0 million The exchange between existing borrowers and lenders of debt instruments was accounted for as an extinguishment of the original financial liability as the terms are substantially different (the discounted present value of the net cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability). The fair value of the new notes was estimated (on the basis on the market price over one month after issuance) at 77.3% of the nominal value. The net result on the transaction was a loss of EUR 15.2 million.

The remaining EUR 20.0 million OG bonds acquired by the exchange against new notes are eliminated in the consolidated accounts as intercompany liability as they have been converted in 28 million new OG shares as at 6 of June 2013.

This issuance has marked the successful completion of the Group bonds' restructuring, EUR 411 million in nominal OPG bonds (EUR 549 million in remaining Safeguard payments) and EUR 100 million in nominal for OG bond debt (EUR 129 million including interest and redemption premium).

Following the issuance of EUR 73.051.230 of new notes on 4th of October 2012 (ISIN Code XS0820547742) the remaining outstanding of nominal of initial OPG and OG bonds amounted to EUR 3.898.297. As at 31.12.2012 the total book value of the total non-current and current OPG Safeguard and OG bond debt amounted to EUR 2.246.330, the changes over the period are detailed by nature of bond in the following table (in Euro):

Description	ISIN CODE	Number of bonds	Book Value per bond	Total book value of bonds	Nominal Value per bond	Total nominal value of bonds	Effective interest rate
SHH Bonds	XS0223586420	8,843	13.94	123,269	26.0	230,183	17%
Convertible bonds 2006-2013	FR0010249599	106	333	35,310	686.1	72,727	19%
Czech Bond	CZ0000000195	7	217,548	1,522,839	366,367.0	2,564,569	23%
Convertible bonds 2006-2013	FR0010333302	6,381	73.75	470,594	138.0	880,578	22%
OBSAR 2	XS0291838992 / XS0291840626	74	688	50,917	1,463.9	108,329	21%
OBSAR OG	XS0302623953	62	700	43,400	676.0	41,912	8%
Total		15,473		2,246,330		3,898,297	19%

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 for all other bonds after the issuance of the New Notes are detailed as following:

	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	40	157	150	155	437	672	1,027	1,594	4,232
Interests	221	207	128	123	119	106	85	53	1,042
Total	261	364	278	278	556	778	1,112	1,647	5,274

Repayment of interests and principal according to Safeguard Plan (based on Commercial Court of Paris decision on 16 September 2011) by bond line excluding any potential deduction due to own bonds for all other bonds after the issuance of the New Notes are detailed as following:

	XS0223586420	FR0010249599	CZ0000000195	FR0010333302	XS0291838992	XS0302623953	Total
Principal	230	87	2,565	1,183	127	42	4,234
Interests	31	0	981	18	8	2	1,039
Total	261	87	3,546	1,201	135	44	5,274

11.2 Non-current bank loans and other borrowings

Non-current financial debt	Bank loans	Other non-current borrowings	TOTAL
Balance at 31 December 2011 restated	**182,720**	**10,992**	**193,712**
Issue of new loans and drawdowns	274,510	131	274,641
Repayments of loans	(555)	(2,954)	(3,509)
Scope exit		(945)	(945)
Repayments upon sales	(40,372)	-	(40,372)
Transfers	(18,493)	(2,325)	(20,818)
Translation differences	4,594	893	5,487
Balance at 31 December 2012 restated	**402,404**	**5,792**	**408,196**
Issue of new loans and drawdowns	5,885	905	6,790
Repayments of loans	(317)	(5,487)	(5,804)
Transfers	(98,182)	(75)	(98,257)
Translation differences	(1,614)	(248)	(1,862)
Balance at 30 June 2013	**308,176**	**887**	**309,063**

❖ In 2013

Issue of new loans and drawdowns are mainly related to the project Zlota 44 (EUR 3.5 million) and Mezihori (EUR 2.8 million).

Repayments of loans for EUR 5.8 million, are including EUR 0.6 million of cash repayments which are relating mainly to Na Porici (EUR 0.2 million) and EUR 5.2 million of loan repayment by conversion in equity related to the subsidiaries Benice and Praga I (see note 10).

The transfers are mainly explained as following:

- Breach of covenants related to the loans financing Gebauer Hofe (EUR -26.2 million), Capellen (EUR - 9.3 million) and Zlota (EUR-51.7 million);
- Current part of the non-current loans (EUR -9.0 million) mainly related to the loans financing the project Krakow (EUR -4.5 million) and GSG (EUR -3.7 million).

Other non-current borrowings are mainly equity loans from joint ventures and loans from partner companies. The line repayment of loans is mainly due to the conversion into equity of the loans granted by Endurance Fund residential sub funds to the Group projects in which they are in partnership with the Group.

❖ In 2012

Issue of new bank loans and new drawdowns (EUR 274.5 million) relates mainly to the refinancing of GSG (EUR 269.6 million) and drawdowns on both Zlota (EUR 6.7 million) and Mezihori (EUR 1.9 million).

Bank loans have been repaid for EUR 40.4 million of which EUR 40.4 million upon sales and are detailed as following:

- Repayment of the loans financing Radio Free Europe EUR 37.7 million and Benice for EUR 2.7 million;
- Partial repayment of the loan financing the building Capellen in Luxembourg for EUR 0.4 million.

Transfers of bank loans (EUR 18.5 million) are mainly explained as follow:

- Reclassification of bank loans, that will fall due within twelve months (EUR 41.8 million) of which Bubenska for EUR 19.2 million, Dunaj for EUR 13.1 million, Bubny for EUR 5.5 million and Marki for EUR 4.0 million;
- Current part of the non-current loans for EUR 10.3 million of which GSG for EUR 8.6 million;
- Prolongation of bank loans which were expiring within one year and reclassified in long term debt after successful renegotiation for EUR 33.7 million of which Na Porici for EUR 31.2 million.

Other non-current borrowings are mainly related to equity loans from joint ventures and partner companies. The line repayment of loans is mainly linked to an equity capitalization in Poland for EUR 2.9 million and the transfer are linked to the transfer of equity loan for EUR 2.8 million in liabilities held for sales related to reclassification of Szczecin in discontinued operations.

11.3 Current financial debts

11.3.1 Current loans & borrowings

Current loans and other borrowings	Bank Loans	Bank loans linked to assets held for sales or discontinued	Other current borrowings	TOTAL
Balance at 31 December 2011 restated	**619,646**	**15,890**	**369**	**635,905**
Issue of new loans and drawdowns	439	-	148	587
Repayments of loans	(312,550)	-	(388)	(312,938)
Repayments upon sales	(97,683)	(15,890)	-	(113,573)
Scope exit	(5,103)	-	-	(5,103)
Transfers	12,714	9,678	-	22,392
Translation differences	5,261	-	26	5,287
Balance at 31 December 2012 restated	**222,724**	**9,678**	**155**	**232,557**
Issue of new loans and drawdowns	288	-	-	288
Repayments of loans	(34,219)	-	(57)	(34,276)
Transfers	98,367	(81)	(41)	98,245
Translation differences	(4,098)	-	-	(4,098)
Balance at 30 June 2013	**283,062**	**9,597**	**57**	**292,716**

(*) 9.678 KEUR are strictly related to the financial debt, 9.792 presented in balance sheet includes 114 KEUR trade payables

❖ **In 2013**

The repayments of bank loans (EUR 34.2 million) are mainly related to the buyback of the bank debt financing the assets Vaci 188 and Vaci 190 (EUR 15.0 million) repaid for EUR 1.0 million generating a gain of EUR 15.0 million including EUR 0.2 million of accrued interests. Others contributors are Bubny (EUR 14.0 million), GSG (EUR 3.9 million) and Na Porici (EUR 0.6 million).

During the first half of the year transfers of bank loans to current financial debt for EUR 98.3 million are mainly explained as follow:

- Breaches of covenant related to the loans financing Gebauer Hofe for EUR 26.2 million, Cappellen for EUR 9.3 million and Zlota (EUR 51.7 million). Two of these loans have seen their covenants breaches solved during the summer by the signature of the new amendments and the third one will be financed after approval of received binding heads of terms;

- EUR 9.0 million transferred from the non-current loans to the current part, mainly related to the loans financing the project Krakow for EUR4.5million and GSG for EUR 3.7 million.

❖ **In 2012**

The repayments of bank loans (EUR 428.3 million of which EUR 113.6 million upon sales) are mainly related to the refinancing of GSG (EUR 300.4 million) with five German banks and the repayment following sale of Sky Office (EUR 96.0 million).

Other repayments have been completed upon the sales of the following assets:

- In Germany: Hüttenstrasse (EUR 4.3 million), Ku-Damm 102 (EUR 6.4 million) and land plots in Berlin (EUR 0.7million);
- In the Czech Republic: the sale of Radio Free Europe (EUR 1.6 million) and Mostecka (EUR 0.9 million);
- In Slovakia Koliba (EUR 3.5 million);
- Przy Parku for EUR 5.1 million.

Transfers of bank loans and bank loans linked to assets held for sales for EUR 22.4 million are mainly explained as follow:

- Transfer from long term to short term for EUR 41.8 million of which Bubenska (EUR 19.2 million), Dunaj (EUR 13.1 million), Bubny (EUR 5.5 million), Marki (EUR 4.0 million);
- Current part of the non-current loans for EUR 10.3 million of which GSG for EUR 8.6 million;
- Transfer from short term to long term for EUR 33.7 million of which of Na Porici's loan for EUR 31.2 million;
- Transfer out of bank loans, equity loan and accrued interest linked to Sczeczin for EUR 9.7 million as the asset has been classified in held for sales in 2012 (see Note 6 of 2012 Financial Statements Report).

Scope exits are related to the loans financing Jozefoslaw in bankruptcy for EUR 5.1 million.

11.3.2 Current bonds

Current bonds	Convertible bonds	Non Convertible bonds and New Notes	TOTAL
Balance at 31 December 2011 restated	**7,776**	**112,148**	**119,924**
Reclassification from convertible to non convertible bonds	(7,776)	7,776	-
Interests on Safeguard bonds	-	2,324	2,324
Transfer from short term of bonds under restructuring to long term	-	(122,248)	(122,248)
Transfer from long term to dshort term repayment OPG Safeguard Bonds in April 2013	-	262	262
Balance at 31 December 2012 restated	**-**	**262**	**262**
Repayment interets on Safeguard bonds	-	(262)	(262)
Transfer from LT to ST Safeguard interests to be repaid in April 2014	-	321	321
Balance as at 30 June 2013	**-**	**321**	**321**

As at 30 June 2013 the current part of the Safeguard bonds amounts to EUR 321 thousand corresponding to the interests to be repaid in April 2014.in accordance with the repayment schedule of the Safeguard Plan.

11.4 Borrowings maturity

At 30 June 2013	Note	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total	Unaccrued liabilities
Non-current bonds	**11.1**	**-**	**15,906**	**43,572**	**2,047**	**61,525**	**17,944**
Non current loans and other borrowings	**11.2**	**-**	***20,146***	***284,789***	***4,128***	***309,063***	
Bank loans		-	*20,146*	*284,789*	*3,241*	*308,176*	
Bank loans fixed rate		-	*74*	-	-	*74*	
Bank loans floating rate		-	*20,072*	*284,789*	*3,241*	*308,102*	
Other non-current borrowings		**-**	**-**	**-**	***887***	***887***	
Sub-total - Non current		**-**	**36,052**	**328,361**	**6,175**	**370,588**	
Current bonds	**11.3.2**	**321** -	**-**	**-**	**-**	**321**	
Currents loans and other borrowings	**11.3.1**	***283,119***	**-**	**-**	**-**	***283,119***	
Bank loans		***283,062***	**-**	**-**	**-**	***283,062***	
Bank loans fixed rate		*24,466*	-	-	-	*24,466*	
Bank loans floating rate		*258,596*	-	-	-	*258,596*	
Other borrowings		***57***	**-**	**-**	**-**	- ***57***	
Financial liabilities linked to discontinued activities		**9,597**	**-**	**-**	**-**	**9,597**	
Sub-total - Current		293,037	**-**	**-**	**-**	**293,037**	
TOTAL		**293,037**	**36,052**	**328,361**	**6,175**	**663,625**	

At 31 December 2012 restated	Note	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total	Unaccrued liabilities
Non-current bonds	**11.1**	**-**	**14,011**	**43,144**	**2,038**	**59,193**	**19,380**
Financial debts		**-**	***43,667***	***347,753***	***16,776***	***408,196***	
Bank loans	**11.2**	**-**	*43,667*	*347,753*	*10,984*	*402,404*	
Bank loans fixed rate		-	*567*	*1,569*	*7,466*	*9,602*	
Bank loans floating rate		-	*43,100*	*346,184*	*3,515*	*392,799*	
Other non-current borrowings	**11.2**	**-**	**-**	**-**	***5,792***	***5,792***	
Sub-total - Non current		**-**	**57,678**	**390,897**	**18,814**	**467,389**	
Current bonds	**11.3.2**	**261** -	**-**	**-**	**-**	**261**	
Financial debts		***222,879***	**-**	**-**	**-**	***222,879***	
Bank loans	**11.3.1**	*222,724*	-	-	-	*222,724*	
Bank loans fixed rate		*15,182*	-	-	-	*15,182*	
Bank loans floating rate		*207,542*	-	-	-	*207,542*	
Other borrowings		***155***	**-**	**-**	**-**	***155***	
Financial liabilities linked to discont. activities		**9,678**	**-**	**-**	**-**	**9,678**	
Sub-total - Current		232,818	**-**	**-**	**-**	**232,818**	
TOTAL		**232,818**	**57,678**	**390,897**	**18,814**	**700,207**	

❖ In 2013

The Group has entered into interest rate derivatives representing 77.8% of the non-current floating rate borrowings (75% in 2012) and 44% of the current floating rate borrowings (34.8% in 2012), 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 interests on bank loans decreased from EUR 17.6 million as at 30 June 2012 to EUR 15.4 million as at 30 June 2013 mainly due to the total or partial redemption upon assets and development sales in 2012.

The bank loans are made of EUR 328.1 million for which the financing banks have no recourse on the Group. These loans finance total assets with a total value of EUR 661.1 million.

❖ In 2012

The Group has entered into interest rate derivatives representing 75.1% of the non-current floating rate borrowings (54.3% in 2011) and 34.8% 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.

Bank loans include amounts secured by a mortgage on properties with a value of EUR 605.2 million.

The interest on bank loans decreased from EUR 23.6 million as at 30 June 2011 to EUR 17.3 million as at 30 June 2012 mainly due to the total or partial redemption of assets and development sales in 2012.

11.5 Loans with covenant breaches

	As at 30 June 2013			As at 31 December 2012 restated		
	Principal	Accrued Interest	Total	Principal	Accrued Interest	Total
Long term loans presented in short term						
due to Financial covenant breach	**35,704**	**84**	**35,788**	-	-	-
due to Non repayment	**51,681**	**389**	**52,070**	-	-	-
due to Administrative breach	-	-	-	-	-	-
due to Financial and administrative breach and/or non repayment	-	-	-	-	-	-
Total long term loans presented in short term	**87,385**	**473**	**87,858**	-	-	-
Short term loans in breach						
due to Financial covenant breach	-	347	**347**	25,237	100	**25,337**
due to Non repayment	132,113	3,736	**135,849**	96,526	797	**97,323**
due to Financial and administrative breach and/or non repayment	- 0	- -	**0**	15,182	726	**15,908**
Total short term loans in breach	132,113	4,083	**136,196**	**136,945**	**1,623**	**138,568**
Total loans linked to assets held for sale or discontinued operations	**9,597**	-	**9,597**	**9,678**	-	**9,678**
Total Loans in Breach	**229,095**	**4,556**	**233,651**	**146,623**	**1,623**	**148,246**

During the first half of 2013 EUR 36.2 million of long term loan were reclassified in short term and are made of the loans financing Gebauer Hofe and the long term part of the loan Capellen due to non-respect of financial covenants. The long term loan of EUR 51.7 million was reclassified in short term due to non-repayment and relates to the asset Zlota.

The short term loans in breach due to non-repayment are composed of the loans financing the assets Paris Department Store and Szervita in Hungary (EUR 25.2 million) and Suncani Hvar (EUR 55.5 million), Vaci I (EUR 41 million) and the current part of the Capellen loan (EUR 10.4 million).

End of June 2013 the loans linked to assets held for sale or discontinued operations are related to the polish entity Szczecin for EUR 9.6 million (including equity loan and accrued interests) which is under a bankruptcy procedure.

12 Other net financial results

	6 months 2013	6 months 2012 restated
Change in carrying value of liabilities at amortised cost	26	32,760
Change in fair value and realised result on derivative instruments	5,737	1,379
Change in fair value and realised result on other financial assets	(2,669)	(3,421)
Other net finance results	(40)	(1,516)
Realized result on repayment on borrowings	14,978	-
Total	**18,032**	**29,202**

Change in the fair value of derivative instruments essentially raise from the fair value gains on derivatives for EUR 5.7 million with EUR 3.9 million of gain related to GSG, EUR 0.6 million related to Gebauer Hofe, EUR 0.5 million to Na Porici, EUR 0.5 million related to Vaci I and EUR 0.3 million to Paris Department Store.

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

- Losses on revaluation of the investment in Endurance Fund for EUR 0.1 million,
- Loss on PPL reevaluation for EUR 3.3 million.
- Gain on sales of Endurance Sub Funds I and II for EUR 0.4 million

Realized result on repayment on borrowings are only related to the recognition of the gain realized by the Group on the buy-back related to the bank debts financing the assets Vaci 188 and Vaci 190.

13 Earnings per share

		30 June 2013	30 June 2012 restated
At the beginning of the period		**106,885,588**	**16,737,951**
Shares issued		107,840,962	17,053,866
Treasury shares		(955,374)	(315,915)
Weighted average movements		**737,928**	**4,728,973**
Issue of new shares		-	4,728,725
Treasury shares		737,928	247
Weighted average outstanding shares for the purpose of calculating the basic earnings per share		**107,623,516**	**21,466,924**
Dilutive potential ordinary shares		**-**	**7,848,081**
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share		**107,623,516**	**29,315,005**
Net profit/(loss) attributable to the Equity holders of the Company		**6,988**	**(9,045)**
Net profit /(loss) attributable to the Equity holders of the Company after assumed conversions / exercises		**6,988**	**(9,045)**
Basic earnings in EUR per share		**0.06**	**(0.42)**
	o/w continuing operations	0.06	(0.42)
	o/w discontinued operations (*)	-	-
Diluted earnings in EUR per share		**0.06**	**(0.42)**
	o/w continuing operations	0.06	(0.42)
	o/w discontinued operations (*)	-	-

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.

The warrants were not taken into account in the EPS calculation as the conversion of the warrants had an anti-dilutive impact in 2013 and 2012.

As at 30 June 2013, the treasury shares of the Company represent 118,000 shares and amount to EUR 0.2 million. They are held entirely by ORCO Russian Retail S.A.

14 Equity holders

14.1 Share capital

	Number of shares	Share capital	Share premium
Balance at 31 December 2011	**17,053,866**	**69,921**	**418,688**
Capital increase of 14th of May 2012	18,361,540	75,282	710
Capital increase of 3d of September 2012	64,577,483	264,768	225,150
Capital increase of 28th of September 2012	7,848,073	32,177	949
Balance at 31 December 2012	**107,840,962**	**442,148**	**645,497**
Decrease of share's nominal value		(226,466)	
Balance at 30 June 2013	**107,840,962**	**215,682**	**645,497**

All the shares of the Company have an accounting par value of EUR 2.0 with no nominal value and are fully paid. Each share is entitled to a prorate portion of the profits and corporate capital of the Company, as well as to a voting right and representation at the time of General Meeting, all 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 the Luxembourg company law.

The Board of Directors was granted full power to proceed with the capital increases within the authorized capital 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.

The extraordinary general meeting of the Company held on 27 June 2013 voted to increase the authorized share capital to EUR 278,992,584, which gives the Board of Directors the authority to increase the share capital by up to EUR 63,310,660 from its present amount of EUR 215,681,924, for the purposes of issuing (i) 5,000,000 shares under a management long term incentive plan, (ii) 6,666,667 shares to the Company's main shareholders (Gamala Limited, Kingstown Capital, LP, Alchemy Special Opportunites Fund II L.P., Crestline Ventures Corp. and Stationway Properties Limited) at a price of EUR 2.25 per share in a reserved capital increase, (iii) 4,988,663 shares to warrantholders upon the exercise of warrants of the Company and (iv) 15,000,000 shares under an equity line / PACEO.

- **In 2013**

During 2013, the share capital of the Company decreased by EUR 226,466,020 amounting to EUR 215,681,924. This decrease was realized without cancellation of the shares, but by decreasing the accounting par value of the existing shares from EUR 4.1 to EUR 2.0 per share with allocation of the reduction proceeds to a reserve.

- **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.

14.2 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 2012.

15 Capital and other commitments

Capital commitments

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 30 June 2013 amount to EUR 53.7 million (EUR 79 million as at 30 June 2012). This does not take into account the potential investments in future projects like Bubny in Prague or hotels to be refurbished in Suncani Hvar.

As at 4 February 2013, the Company sold all its position in the Office I sub-Funds to a third party. Moreover, all positions in Office II sub-Funds were sold as at 15 of March 2013 too. Consequently, the Company transferred all its rights and engagements in relation to these sub-funds.

Bank loans covenants (see note 11.5)

16 Related party transactions

Transactions with key management personnel

The members of the Board of Directors of the Company and of the Executive Committee are considered the key management personnel of the Group. As of 30 June 2013, the Executive Committee is made of 5 people.

A total compensation given as short term employee benefits to the members of the Executive Committee for the first half of 2013 amounted to EUR 1.6 million (EUR 1.3 million in June 2012). The Company approved distribution of 4,909,091 ORCO Germany S.A. shares as remuneration for the completion of the Company's bonds restructuring to certain members of the Executive Committee. The market value of these shares was recognized in employee benefits as an accrual in 2012.

The Board and Committees attendance compensation for the first half of 2013 amounts to EUR 188,000 (EUR 275,500 for the first half of 2012), including General Meetings presidency compensations. As at 30 June 2012, the potential termination indemnity payment to some members of the Company's management amounted to EUR 16 Million. This indemnity would become payable by the Company to the relevant management members only if the relationship between the Company and the management member is terminated by either party during the six-month period following a change of control of the Company. As of 30 June 2013 the cumulated balance to be paid at the termination of the contract of current executive board members amounts to EUR 0.7 million. An additional indemnity to some members of the management amounts to EUR 2.7 million and is payable in the event of termination of their employment.

Transactions with the Endurance Real Estate Fund

The Group is the sponsor of a Luxembourg regulated closed end umbrella investment fund dedicated to qualified investors, the Endurance Real Estate Fund. This fund has opted for the form of a “Fonds Commun de Placement”. Between February and March 2013, the Group sold all its units in the sub-funds Office I and Office II together with all rights and engagements for a total amount of EUR 9.97 million.

In June 2013 the unitholders of the Office I and Office II sub-funds decided to sell portfolio of the sub-funds. The portfolio was acquired in a share deal by an affiliate related to Mr. Vitek, shareholder of the Company. As a consequence, the receivables of the Group against the disposed companies in a total amount of EUR 0.4 million remained with those companies and were settled in July 2013. In July 2013, most of the service agreements between the Company and the companies acquired by Mr. Vitek’s related party were terminated unilaterally by the acquired companies within the contractual notice periods that will expire in the third quarter of 2013.

17 Litigations

On 28 December 2012, the Group filed a request for arbitration against the State Property Management Agency of the Republic of Croatia, also known as AUDIO, which is the legal successor to the Croatian Privatization Fund. Orco's preliminary claims for damages exceed EUR 32 million. The claims relate to underlying title disputes to properties on the island of Hvar in Croatia held through the Croatian company Suncani Hvar d.d. On 9 July 2013, representatives of the State of Croatia and Orco Property Group drafted and agreed on a roadmap for the financial and operational recovery of Sunčani Hvar d.d. Pursuant to the agreed roadmap, the parties suspended the arbitration proceedings that consist of Orco’s claim and the State of Croatia’s counterclaim until end of November 2013. The parties will try to find solutions to stabilize Sunčani Hvar d.d., improve their mutual relationship and define future cooperation (a new shareholders’ agreement) for the benefit of their joint investment in Sunčani Hvar d.d. in order to conclusively terminate the arbitration proceedings.

In connection with the settlement of disputes related to Bubny project the Group paid EUR 2.5 million in July 2013.

As of 30 June 2013, 2 contingent liabilities of EUR 5.9 million related to BAR (Leipziger Platz transaction) and EUR 1.52 million related to the arbitration against AUDIO, the legal successor to the Croatian Privatization Fund exist.

18 Events after balance sheet date

The Republic of Croatia and Orco Property Group Suspend Arbitration Proceedings

On 9 July 2013, representatives of the State of Croatia and Orco Property Group drafted and agreed on a roadmap for the financial and operational recovery of Sunčani Hvar d.d. Pursuant to the agreed roadmap, the parties will suspend the arbitration proceedings that consist of Orco’s claim and the State of Croatia’s counterclaim. In the following months the parties will try to find solutions to stabilize the company, to improve their mutual relationship and to define future cooperation (a new shareholders’ agreement) for the benefit of their joint investment in Sunčani Hvar d.d. in order to conclusively terminate the arbitration proceedings.

Implementation of reserved capital increase

On 26 July 2013, the largest shareholders of the Company, Gamala Limited, Kingstown Capital Management, LP, Alchemy Special Opportunities Fund II L.P. and Station Way Properties Limited, executed subscription agreements to subscribe for 6,666,667 new OPG shares at a subscription price of EUR 2.25 per share, raising a total of EUR 15,000,000 for OPG, in a reserved capital increase pursuant to the authorization voted by the extraordinary general meeting of shareholders of OPG on 27 June 2013. The new shares are expected to be issued and listed on the regulated market of NYSE Euronext Paris in the coming days as procedural and legal formalities are finalized to issue and list the shares. The procedure for admission and listing of the new shares on the regulated markets of the Prague and Warsaw Stock Exchanges will commence upon issuance of the new shares.

Index of the notes to the condensed consolidated interim financial information

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Report of the Réviseur d'Entreprises agréé on the review of the condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Orco Property Group S.A. ("the Company") and its subsidiaries ("the Group") as at 30 June 2013, the condensed consolidated statements of income, comprehensive income, changes in equity and cash flow for the six-month period then ended, and notes to the condensed consolidated interim financial information ("the condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2.1 to the condensed consolidated interim financial information. In forming our conclusion, we have considered the adequacy of the disclosures made in the note to the condensed consolidated interim financial information concerning the preparation of the condensed consolidated interim financial information on the going concern basis. At 30 June 2013, the Company guaranteed the debt service of the three loans financing the Hungarian assets - Vaci 1, Paris Department Store and Szervita for the part that is not covered by the cash flow of the respective subsidiaries. As of the date of the conclusion, the Group has not completed its refinancing negotiations. The Group's ability to face its obligations is dependent on a successful refinancing of these three loans combined with the requirement for the successful conclusion of the significant matters explained in Note 2.1 to the condensed consolidated interim financial information. These indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The condensed consolidated interim financial information does not include any adjustments that might result from the going concern basis of preparation being inappropriate.

Luxembourg, 29 August 2013

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Alison Macleod