PROPERTY GROUP

Financial Report

Half Year 2012

Orco Property Group | Société Anonyme | 42 Rue de la Vallée 40L-2661 Luxembourg RCS Luxembourg B 44996

SUMMARY

Management Report as at 30 June 2012

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 1.5 Billion. The Group has a strong local presence in its main markets, namely Prague, Berlin, Warsaw as well as offices in Budapest, Moscow and Hvar (Croatia).

1 Message from the management

Dear shareholders,

Over the past months, we have been executing the financial restructuring plan presented in our latest annual report.

First and foremost, we have made tremendous progress in the refinancing of the EUR 286 Million GSG Berlin portfolio bank loan, and we have obtained a term sheet from a club of German banks for approximately 95% of that amount. We are confident in being able to close this refinancing and reimburse the full amount of the existing loan by year end. Investing in GSG, with its huge development, leasing and rental level upside, remains a key priority for the Group.

We have executed the exchange for equity instruments of most OG bonds and are about to execute the remaining OG and OPG bonds conversion in September as the securities notes are by approved by market authorities, bringing down our corporate bond liability from EUR 677 Million of notional to only EUR 76 Million. This debt-to-equity swap not only reinforces our balance sheet but also our shareholding structure with new international institutional investors and a reshuffled board made of both professional investors and independent directors.

We have also reduced our leverage at the asset level, through the progresses on our on-going development projects, the value created by active asset management and the selective asset sales. As a result LTV before bonds was reduced from 52% to 50%".

We have also continued deleveraging at the asset level through progress on our on-going development projects and value creation through asset management, and through selective assets sale. As a result, LTV before bonds was reduced from 52% to 50%. Global LTV post restructuring shall reach 55% which shall be further reduced after the Sky sale. We reached key achievements in solving breaches on other subsidiaries, and we expect the amount of liabilities due in the short term to continue to decrease. Given the high quality and prime locations in capital cities of our real estate assets, we keep a long term holding view and a focus on rental income with diversified tenants.

While continuing with deleveraging, our strategy for late 2012 and onwards is to selectively invest in our value and net cash generating opportunities. The example of Mezihori shows that we can develop projects and create value with very little new cash using our existing land bank and pre-sales /pre- leasing know how. We wish to duplicate this success with new projects in Prague, Berlin, Budapest and Warsaw. Berlin shows probably the best prospects from all. We own buildings valued below EUR 1,000 per sqm which could be converted with limited investment into products worth twice or triple. A number of empty plots could allow commercial or mixed development, and we intend to start to crystallize such value over the coming months, starting with permitting. Then, I am confident we can launch construction with limited equity investments from the Company as permits and prelease/ pre sales hurdles are sufficient to obtain construction financing. Such growth shall increase the overall size and value of our existing portfolio of rental commercial properties and allow further arbitrage of mature assets.

We will continue to further strengthen our yielding commercial portfolio through active asset management. We believe that our portfolio, located in some of the most dynamic European markets like Prague, Berlin or Warsaw enjoys strong fundamentals and significant growth potential in terms of take up and rents. Our know-how and historical presence in these markets shall allow us to substantially increase the operating cash flow of some assets by boosting occupancy or repositioning the asset to better meet the market needs, capture additional income, and create additional real estate value.

Reducing interest charges, improving the yield of our current investment properties and generating income out of our land bank shall continue improving our profitability. We are reducing our overheads and centralizing costs in line with the downsizing of our peripheral businesses. Our Adjusted EBITDA almost doubled YoY this semester to EUR 21.2 Million driven by the continuous improvement of profitability of our property investment business line.

We will launch a renewed investors communication strategy, including meeting our existing and future shareholders across Europe and the USA with the goal of expanding the interest of investors from our already vast new shareholders base. Most of the Orco assets are not stabilized yet and therefore show great upside potential in what remains one of the most dynamic area in Europe. Our financial restructuring now allows us to focus all resources into extracting such potential.

Jean-François Ott, President & CEO

Nicolas Tommasini, Deputy CEO, CFO

2 Key events: first half 2012 and post-closing key events

2.1 Progress in the process of refinancing GSG

OG's subsidiary GSG and its financing bank have signed a standstill agreement until 31 August 2012 which defers the repayment obligation related to the remaining EUR 286 Million financing for GSG portfolio after partial repayments in March, April and May 2012. On 28 August, the Group to obtain a detailed term sheet for financing by a club of German banks in the amount of approximately EUR 270 Million. Such amount, substantially above previous Company estimate, shall cover close to 95% of refinancing needs. The balance shall be contributed through the Sky asset sale.

In light of such progress, the Company expects to obtain a further extension of the standstill agreement.

2.2 Debt reduction by equitizing OG and OPG bonds

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

In addition, the general meetings of the 2010, 2013 and 2014 OPG bondholders resolved to finally and definitely waive and withdraw the current lawsuits against OPG and not to make any further challenges regarding its Safeguard plan.

Pursuant to the joint restructuring agreement, on 9 May 2012, approximately 84.5% of the OG bonds were transferred to OPG in exchange for new convertible notes issued by OPG, in a mandatory exchange as voted by the general meeting of the OG bondholders. The convertible notes are convertible into OPG shares in two steps. In the first step, 18.4 Million of shares were issued on 14 May 2012 as the first repayment on the convertible bonds. These new shares were unlisted and restricted from trading until their admission to trading on the regulated markets of NYSE Euronext in Paris on 27 July 2012 and the Prague Stock Exchange on 3 August 2012, following the approval of a prospectus by the CSSF on 18 July 2012. Their admission to trading on the Warsaw Stock Exchange is currently pending. The second repayment on the convertible bonds in an amount of 7.8 Million shares is scheduled for 28 September 2012, subject to prospectus approval by the CSSF.

As for OPG bonds, i.e. approximately 90% of the amount are to be converted at a date estimated in September into approximately 65 Million OPG shares and the remaining OPG bonds can be exchanged for EUR 55.2 Million in New Notes.

On 28 August 2012, the CSSF approved a prospectus relating to 64.6 Million OPG shares to be issued on 3 September 2012 upon the exchange and conversion of approximately 89.9% of the number of OPG bonds (89.3% of the amount of OPG Bond payments under the Safeguard plan).

The New Notes will be issued by OPG on 4 October 2012 and will have a maturity on 28 February 2018. The New Notes will bear an annual interest consisting of a combination of cash interest (decreasing from 5% to 4% upon repayment of at least 50% of the principal) and payment-in-kind interest (decreasing in steps from 5% to 3% upon repayment of 50% and 75% of the principal). The principal will be repaid in four annual payments in 2015, 2016, 2017 and 2018. The total amount of New Notes could be up to EUR 75 Million, assuming 100% participation in the exchange. The New Notes will benefit from a 25% cash sweep from net sale proceeds on selected assets, which will correspondingly reduce the subsequent annual repayment.

Assuming a full implementation of the restructuring, OPG's share capital will increase from 35 Million as of the date of publication of this report, to approximately 108 Million shares, and the only Group bond debt will be at the OPG level for an amount of EUR 75 Million. The Joint Agreement on the restructuring of OPG and OG bonds, besides ensuring the going concern of the Group, allows the Group to lower its LTV to approximately 55% and provides the platform for the Group to maximize the potential value of its portfolio.

2.3 Orco Property Group sells Radio Free Europe Building in Prague

A subsidiary of Orco Property Group has sold the Radio Free Europe office building in Prague to a subsidiary of the L88 Companies (www.l88llc.com), an American owned business, for an overall transaction value of USD 94 Million, in line with DTZ valuation as of December 2011 after taking into account all taxes on the transaction.

Upon closing, L88 delivered USD 80 Million in cash, USD 2 Million in concessions, plus a USD 12 Million note convertible into a 20% stake in the parent company of the entity acquiring the building in the case it would not be fully repaid before end of 2019.

In addition, the parties have entered into a Strategic Alliance for the development and construction of a broad based building platform for the U.S. Department of State.

2.4 Initiation of Bubny master plan change

Prague city council unanimously approved the initiation of the Bubny Master Plan change on 22 May 2012.This decision is a major step in the process of obtaining a new master plan for the whole Bubny development area by the end of 2013.

The Company expects to close its JV transaction with Unibail Rodamco by the end of the year bringing a cash in for the Group before repayment of loan of EUR 19 Million, with a further complement of payment to the Group of EUR 9 Million when obtaining the master plan. The Company shall retain initially a 10% stake in the JV with Unibail but has the option to acquire up to 40% of the JV. The partnership sealed will develop a state of the art anchor shopping center of 112,000 sqm in Bubny.

ORCO PROPERTY GROUP

2.5 Towards the selective launch of new opportunistic development projects

In H1 2012 the Company launched Mezihori, a new residential project of 138 units in Prague for an expected turn-over of EUR 18.5 Million. The project was launched with very limited cash as the Company paid first construction works with the Pivovar Vrchlabi land and project[1]. The Company has also obtained a financing agreement whereas first draw down can occur subject to 35% of the flats pre-sold. At the date of this report, about 33% of the project has been pre-sold and draw down can be expected in Q4 2012.

The Group has a further pipe line of residential projects in the Czech Republic which could be launched over the coming 12-18 months subject to successful pre-sales as for Mezihori, and particular the projects Kosik phase 3b (expected turnover of EUR 30 Million over the next 3 years) and U Hranic (expected turnover of EUR 23 Million over the next 5 years).

Lastly the Group has been working on a pipe line of Berlin commercial developments (starting with the Gebauer project on Helmoz) and residential re-developments (starting with Kreuzberg assets), see 3.3.2.

3 Business Review

3.1 Market environment

European investment activity and lending market

The European commercial real estate investment activity totaled EUR 25.4 billion in Q2 2012, decreased by 11% compared to Q2 2011. Volumes in CEE have been sharply reducing. Offices continue to be the preferred asset class among investors in CEE markets and accounted for 60% of the investment volume in Q2 2012.

Real estate lending to investment properties has been recovering lowly, fuelled by some activity on the Germany market, although financing remains and is expected to remain much more restricted than during boom times. Hence the real estate lending policies of major lenders in new developments remained tightened and selective.

Financing of commercial office development however remains very limited. Generally, conditions are very tight with focus on high level of pre-lease and quality of location.

Similarly, the recovery of residential development is very slow. Pre-sale requirements for financing are very high. In light of this situation, obtaining bank loan financing for Mezihori from Unicredit under conditions of 35% equity and 35% of pre-sale is a success marking the resumption of Orco developments albeit in a limited and opportunistic way.

Berlin office market

Within a resilient German economy, Berlin GDP growth has been outweighing the country. Berlin remains one of the most dynamic European markets. The first half closed with a take-up of 262,800 sqm. This places second in Germany behind Munich. The vacancy rate declined by a further percentage point and is now at 7.5%.

The weighted average rent over all the contracts for the first half year was calculated at EUR 11.95\sqm\month compared to EUR 11.3\sqm\month in Q1 2012 and EUR 12.5/sqm/month in 2011. The achievable prime rent remains unchanged at EUR 22\sqm\month.

German residential market

The German residential market remains to be seen as one of the globally securest and most attractive residential markets for national and international investors. The very large demand for residential properties in all groups of investors underlines this trend. According to analysis carried out by CBRE, in H1 2012, the national transaction volume was around 1.7 times higher in a year-on-year comparison. Besides, the number of transacted residential units (127,000) and the sum of residential space (around 8.2 Million sqm) has doubled respectively. With the robust economic development, the positive development on the employment market and historically low financing conditions, this positive trend is expected to continue.

In **Berlin**, the ownership rate is still very low and the demand for rental units is still high. The growth in housing stock was moderate over the past years. New apartments resulting from redevelopment of existing buildings are becoming increasingly important.

The asking rents for accommodation with basic and standard fit-out have also been increasing in residential locations especially in the districts Mitte, Prenzlauer Berg and Friedrichshain-Kreuzberg. In Frierichshain-Kreuzberg the residential rents for accommodation ranges between EUR 5.28 and EUR 9.32/sqm, with an average of EUR 7.00/sqm which is above the Berlin average of EUR 6.17/sqm. The vacancy rate within the district Friedrichshain-Kreuzberg remains stable at around 3.2%, one of the lowest within Berlin. (DTZ)

Budapest office market

The GDP of Hungary decreased by 1.2% in Q1 2012 compared to the previous quarter. Stagnation was recorded in about half of the industries of the national economy.

No office building was completed in the second quarter of 2012, therefore the modern stock of 334 office buildings remained unchanged. The total office stock stands at 3,175,800 sqm with grade A buildings accounting for 78% of the total rental stock. Development activity is expected to remain low in the forthcoming years.

1 The project was sold in for EUR 2.2 Million (compared to EUR 1.6 Million DTZ as of December 2010)

ORCO PROPERTY GROUP

Compared to the weak start of the year, leasing activity improved in Q2 2012 with in total 149,000 sqm let in the first half of the year. But the share of renewals remained high, accounting for 51% of the total take-up in H1 2012. The South Buda sub-market represents the largest proportion of the quarterly take-up, with a 25% market share, followed by the Vaci ut corridor accounting for 22%.

The vacancy rate still increased by 82 basis points and stood at a very high 21.3% at the end of Q2 2012.

Rental levels remained largely unchanged compared to the previous year. (DTZ)

Budapest retail market

In the first four months of 2012 retail sales decreased by 0.7% compared to the same period previous year. Inflation recorded 5.6% increase year-on-year. Due to future tax rises, it is expected to remain above target during H2 2012.

Budapest and its surroundings account for 1 Million sqm modern retail area, with a resulting retail density (retail stock per thousand inhabitants) of 592 sqm.

Large international tenants already present in the country are still cautious about their expansion in the Hungarian market. Although some new brands are mapping the market, they are still not willing to enter Hungary because of the market climate.

Rental levels remained broadly unchanged. However turnover rental arrangements have become common on the market and several incentives are offered to tenants. 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)

Prague office market

The new supply delivered in Q2 (60,200 sqm) was the highest since Q4 2009, ca. 88% of that was pre-leased upon completion. The supply pipeline in H2 2012 will be limited to only 23,400 sqm.

Total leasing activity in 2012 will be approximately 20 to 25% lower than in 2011, due to protracted lease negotiations caused by the increasingly cautious outlook of large occupiers.

The office vacancy rate is expected to decrease in Q3 as no new supply will be completed.

Prime rent is expected to remain stable during 2012. (DTZ)

Prague residential market

There are mixed data regarding sales of new apartments in Prague. Ekospol reports an increase of 17% in Q2 2012 compared to Q2 2011. However, JLL reports 'slower sales pace' in H1 compared to last year. Nonetheless, sales for the full year 2012 are expected by everybody to be 5-20% lower than in 2011 as H2 2012 is not expected to match H2 2011.

Supply has remained fairly constant in 2Q. Total number of unsold apartments (both completed and in progress) hasn't changed much.

Warsaw office market

The Polish economy stands out against the financial turmoil observed in Eurozone. Polish GDP is expected to increase by 2.6% in 2012, a much better result compared to the majority of European countries.

The modern office space delivered to the Warsaw market over the course of H1 2012 exceeded 92 000 sqm and the annual supply in 2012 is expected to reach a relatively high level of 220 000-230 000 sqm. A record volume of supply is expected to be delivered to the market during 2013. Prime headline rents are foreseen to remain stable at EUR 25-27/sqm/month in central locations.

In H1 2012, the vacancy rate in Warsaw increased by 0.7% in comparison to Q2 2011 at 7.4%. High level of new supply combined with a stable level of demand expected for H2 2012 will push up the vacancy ratio to 8-8.5% at the end of 2012. (DTZ)

Warsaw residential market

In Q2 2012, slightly more than 3 200 units were sold which is similar result to the previous quarter. At the same time, there were 5 200 units launched to the market. Over the last 4 quarters, slightly over 14 400 units were launched but only 12 000 units were sold. As a result, total number of apartments on offer grew and reached the highest level in history, which is likely to cause further declines in prices. (REAS)

3.2 Property Investments

The Group Property Investments business line is comprised of commercial rental assets, hospitality assets and Endurance real estate fund management (generating income from management fees as fund manager). The Property Investments business line's gross asset value includes financial assets and receivable, most of them resulting from the sale of assets and activities.

3.2.1 Rental portfolio

The Group rental portfolio encompasses assets focusing on commercial buildings.

	GLA (SQM)				Occupancy (%)				Average Rent EUR/SQM			
Portfolio per Country	June 2012*	March 2012*	Dec 2011*	June 2011	June 2012*	March 2012*	Dec 2011*	June 2011	June 2012*	March 2012*	Dec 2011*	June 2011
Prague, Czech Republic*	130,049	151,249	151,249	154,210	80.6%	83.2%	77.8%	75.1%	5.21	7.39	7.27	7.07
Budapest, Hungary**	40,257	40,257	29,598	29,598	16.6%	15.6%	15.3%	9.3%	14.93	16.16	13.58	21.58
Warsaw, Poland	36,598	36,598	36,630	36,630	81.9%	94.9%	94.9%	83.9%	3.21	3.02	2.81	2.78
Bratislava, Slovakia	8,220	8,220	8,220	8,220	51.8%	44.3%	40.6%	36.0%	5.78	6.74	6.60	6.20
Capellen, Luxembourg	7,744	7,744	7,744	7,744	86.3%	85.9%	85.9%	85.9%	22.83	22.34	22.29	21.99
Berlin, Germany***	839,931	839,244	850,852	853,520	79.3%	78.8%	78.1%	77.4%	5.22	4.81	4.88	4.81
Portfolio Data	**1,062,798**	**1,083,312**	**1,084,293**	**1,089,922**	**77.0%**	**77.4%**	**76.7%**	**75.2%**	**5.37**	**5.36**	**5.33**	**5.25**

*: after audit, the current estimated leasable area of Bubenska got reduced to 17,575 sqm meanwhile potential GLA of the asset is increased to 30,549 sqm. Starting December 2011, ratio and per sqm figures are calculated on the basis of 17,575 sqm. As of June 2012, Radio Free Europe is excluded from the figures of the Czech Republic.

** : Vaci 1 is included in the portfolio of asset in Hungary starting January 2012 and included in the figures presented for March and June 2012 .

***: Assets part of GSG and other office assets in Berlin are now presented on the same line.

Over H1 2012, the Group pursued the improvement of the operational performance of the rental portfolio. The occupancy rate increased from 76.7% in December 2011 up to 77.0% as of June 2012 despite the disposal of the fully let asset Radio Free Europe in Q2 2012. The disposal is reflected in the decrease of occupancy rate occurring between March 2012 and June 2012 in the Czech Republic. The average rent increased from 5.33 EUR/SQM as of December 2011 up to 5.37 EUR/SQM as of June 2012.

- In Berlin, by far Orco's largest market, the Group continues to improve the operational performance of the rental portfolio. Year on year the total occupancy rate of the portfolio increased by 190 bps while average rent is up by 8.5% over the same period.

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

  Including the positive one off effect and excluding the effect from assets sold the total net take up on commercial spaces amounted to 7.763 sqm in H1/2012 (same store perspective / commercial spaces owned at 31 December 2011 and 30 June 2012) and to 12,454 sqm over a twelve months period (same store).

  The eastern asset performed especially well in the first half year 2012. Among the five top performing assets the two eastern assets Döbelnerstrasse and Plauenerstrasse recorded positive developments with further good prospects expected for the later of 2012.

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

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

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

  Last, on the eastern asset Plauenerstrasse in Berlin-Lichtenberg thanks to fostered leasing activities a net-take up of 1,014 sqm (without one-off effect) could be recognized driving up the occupancy rate on commercial spaces from 49.6% to 51.3%.

  In H1 2012 the Group transferred two assets and three landplots in Berlin - out of them four were sold in 2011 or before. The biggest transfer was the disposal of the residential unit Bergfried- / Ritterstraße in Berlin-Kreuzberg with a sales price of EUR 3.7 Million (+30% above December 2010 DTZ valuation). In addition the company sold the small commercial property Kurfürstenstrasse 13-14 for EUR 2.4 Million (+28% above December 2010 DTZ valuation).

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

- In Prague, the Group increased the occupancy rate of its portfolio by 280 bps over H1 2012. This increase is mainly driven by assets located in Prague, namely Na Porici, Hradcanska and Bubenska. In the meantime, the Group successfully completed the disposal of Radio Free Europe, a prime office Building localized in the outlet of Prague rented at the time of its disposal at a EUR 20 per SQM headline rent. The sale of Radio Free Europe induced the decrease of the average rent from EUR 7.39 per SQM as of March 2012 down to EUR 5.21 per SQM as of June 2012. On a like for like basis, the rent of the Czech rental portfolio increased from EUR 5.17 as of March 2012 up to EUR 5.21 per SQM.

- In Budapest, occupancy remains very low as Vaci 188, 're'acquired in H2 2011 remains fully vacant. Over H1 2012, average rent increased by 10% up to EUR 14.93 per SQM as of June 2012 (EUR 13.58 per SQM as of December 2011). Vaci 1, after partial opening end of 2011 is now fully operated as a rental asset. Its addition to the rental portfolio is the main driver of the increase of average rent supported by the excellent performance of first shops opened.

- In Warsaw, over the past 12 months the average rent of the portfolio increase by 15% up to EUR 3.21 SQM while occupancy rate decreased from 94.9% as of March 2012 down to 81.9% as of June 2012 and due to the departure of a significant low rent paying tenant of the logistic platform of Marki.

- In Bratislava, the improvement of the occupancy rate from 36% as of June 2011 to up to 52% as of June 2012 is the result of the effort of the company to improve the operational performance of the retail asset of Dunaj with minimal capital investment.

3.2.2 Hospitality assets

As of June 2012, the hospitality portfolios comprised a total of 1,797 operated rooms.

3.2.2.1 Main land Hospitality Portfolio

CEE Hotels - June 2012	Number of Assets	Number of rooms	Occupancy %	ADR (EUR)	Revenues EUR Millions	GOP EUR Millions (3)
Prague, The Cezch Republic (4)	5	481	56%	83.9	6.1	2.2
Warsaw, Poland	3	220	53%	111.3	3.6	1.4
Budapest, Hungary (2)	3	160	65%	68.2	1.2	0.6
Pokrovka, Russia	1	84	81%	209.9	3.8	1.9
Bratislava, Slovakia	1	32	58%	60.3	0.2	0.0
Total CEE	**13**	**977**	**59%**	**102.8**	**14.9**	**6.1**
CEE Hotels - June 2011	**Number of Assets**	**Number of rooms**	**Occupancy %**	**ADR (EUR)**	**Revenues EUR Millions**	**GOP EUR Millions (3)**
Prague, The Cezch Republic (4)	5	482	57%	82.6	6.2	2.2
Warsaw, Poland	3	220	54%	90.6	3.0	1.1
Budapest, Hungary (2)	3	161	67%	71.9	1.4	0.7
Bratislava, Slovakia	1	84	68%	226.4	3.3	1.6
Moscow, Russia	1	32	73%	67.6	0.3	0.1
Total CEE	**13**	**979**	**59%**	**97.2**	**14.3**	**5.8**

(1) All numbers are at 100%
(2) Starlight is excluded from the Occupancy and ADR as it is a lease
(3) GOP excludes Group manamgement, sales and marketing fees
(4) Pachtuv Palace is included in the table

During the first half 2012, the performance of our Central European hotel portfolio continued improving and outperforming the market.

Despite the traditional negative seasonality effect of the first quarter, the Group witnessed an improving industry environment in comparison with H1 2011. The market showed a slightly positive outlook and together with the effort of a strong stable management the hospitality portfolio achieved a 4.3% increase of revenue over the first half of the year in comparison with H1 2011. The management is confident in the sustainability of this positive trend over H2 2012.

Average occupancy for the first half of the year reached 59%, which is similar to last year. However, the increase of Average Daily Rate and the efficient control of the cost allowed the GOP excluding group management fees to reach a level of EUR 6.1 Million or an increase of 6.4% on a year to year basis.

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).

3.2.2.2 Suncani Hvar Hotels

Suncani Hvar Hotel - June 2012	Number of Assets	Number of operated rooms	Occupancy %	ADR EUR	H1 2012 Revenues EUR Million	GOP* EUR Million
Four Star Category	4	437	49%	100.4	3.1	1.1
Two - Three Star Category	4	383	49%	43.3	0.4	-0.3
Total Suncani Hvar Hotel	**8**	**820**	**49%**	**88.5**	**3.5**	**0.9**
Other Revenue	7				0.4	-1.2
Total Suncani Hvar	**15**	**820**			**3.9**	**-0.4**
Suncani Hvar Hotel - June 2011	**Number of Assets**	**Number of operated rooms**	**Occupancy %**	**ADR (EUR)**	**H1 2011 Revenues EUR Million**	**GOP* EUR Million**
Four Star Category	4	437	59%	91.0	2.9	0.9
Two - Three Star Category	4	383	35%	40.8	0.5	-0.1
Total Suncani Hvar Hotel	**8**	**820**	**50%**	**77.6**	**3.4**	**0.8**
Other Revenue	8				0.2	-0.9
Total Suncani Hvar	**16**	**820**			**3.7**	**-0.1**

* Gross Operating Profit excludes Group management, sales and marketing fees

The Group owns a 55.6% interest in Suncani Hvar, a company listed on the Zagreb Stock Exchange, which is fully consolidated in the Group's financial statements. Performance of this Hotel portfolio continued to improve following the successful restructuring of last year.

As observed in the rest of Europe, the tourism market is improving in comparison with the year 2011; however this could be mitigated due to the unpredictable weather condition in the Island of Hvar. Total revenue for the period, which is preceding the season, is EUR 3.9 Million which represents an increase of 7% y-o-y. The strong cost containment plan of Suncani Hvar Hotels continues to show results in this year with Departmental Operating Profit increase of 11.2%.

ORCO PROPERTY GROUP

Since the end of 2011 the Company benefits from strong operational restructuring with a new management. As of the date of publication, the first results of the peak season starting in July are positive showing a monthly revenue increase of approximately 14% in comparison with July 2011.

3.3 Development

The Group's Development portfolio consists of:

- commercial properties,
- residential projects,
- land designated as future developments, which when developed are either transferred to the Property Investments business line or sold.

3.3.1 Commercial

The commercial development portfolio consists of properties that the Company is developing across CE region to keep and manage or sell. Since January 2012, and following its completion by the development business line in fall 2011, the shopping mall Vaci I in the center of Budapest is now fully operated as a property investments asset.

Key Project held in portfolio as of June 2012							
Committed	Location	Asset type	Area in SQM	Permit status	Construction completion	Current value June 2012 EUR Million	ERV EUR Million
Sky Office	Germany, Dusseldorf	Office	32,589	Granted	2010	127.8	7.8
Bubny	Czech Republic, Prague	Mixed commercial	24 ha	Pending	2020	153.1	NA

Over 2012, the commercial development activity is focusing on key project Sky office in Düsseldorf and Bubny in Prague.

In Sky Office Düsseldorf, the Group is in advanced negotiations stage with institutional investors to complete the sale of this prime office mid-rise while the occupancy rate of the asset passed 89% and reached core + standards level during the first half of the year 2012. Sky Office is currently let at an average of EUR 21.1/sqm/month.

In Prague, the Bubny land development project reached a significant milestone with the approval of the initiation of the master plan change passed unanimously by the Prague City Council on 22 May 2012. Obtaining the new master plan is scheduled for the end of 2013. This validates the thorough study works for the master plan change of Bubny provided by the Group and its active dedication unleashing the prospects and the value of the project.

The Unibail Rodamco transaction is expected to be closed by the end of the year bringing EUR 18 Million of cash for the Group, with a further complement of price of EUR 9 Million when obtaining the master plan. The Company shall retain initially a 10% stake in the JV with Unibail but has the option to acquire up to 40% of the JV.

3.3.2 Residential

The Group residential developments aim at the middle and upper market segments in Prague, Warsaw and Bratislava with a remaining development. Quality real estate offers, in the current market conditions, a more resilient margin profile and the Group streamlined its residential development portfolio in order to focus its investment capacities on key prime projects and locations such as Zlota 44 in Warsaw and Benice in Prague.

Amounts in units	New orders		Backlog***	Production	Deliveries	Forex &	Backlog***
Country	H2 2011	H1 2012	Dec 2011			Pricing	June 2012
Prague, The Czech Republic	30	64	90	138	(24)	-	204
Warsaw, Poland	34	31	354	-	(36)	-	318
Bratislava, Slovakia	14	10	33	-	(12)	-	21
Hvar, Croatia	-	-	12	-	-	-	12
Total units	78	105	489	138	(72)	-	555
Amounts in EUR Million	New orders		Backlog***	Production	Deliveries	Forex &	Backlog***
Country	H2 2011	H1 2012	Dec 2011		****	Pricing	June 2012
Prague, The Czech Republic	7	9	19	18	(3)	1	35
Warsaw, Poland	7	10	226	-	(4)	7	229
Bratislava, Slovakia	4	3	11	-	(3)	(2)	6
Hvar, Croatia	-	-	2	-	-	(1)	1
Total in EUR Million	18	22	258	18	(10)	6	272

*: Kosik at 50% and Commercial units excluded
** :New order : the newly contracted units. Those units will be converted into revenue upon delivery
***: Backlog : total amount of unit under contract but not yet delivered and inventory
****: revenue generated by deliveries does not take into account the sale of the plot Pivovar Vrchlabi for EUR 2.2 Million.

Over H1 2012, the Group contracted 105 units for a total revenue contracted of EUR 22 Million representing an increase of 35% in comparison with H2 2011 in terms of unit contracted and 22% of increased in terms of value of contract signed.

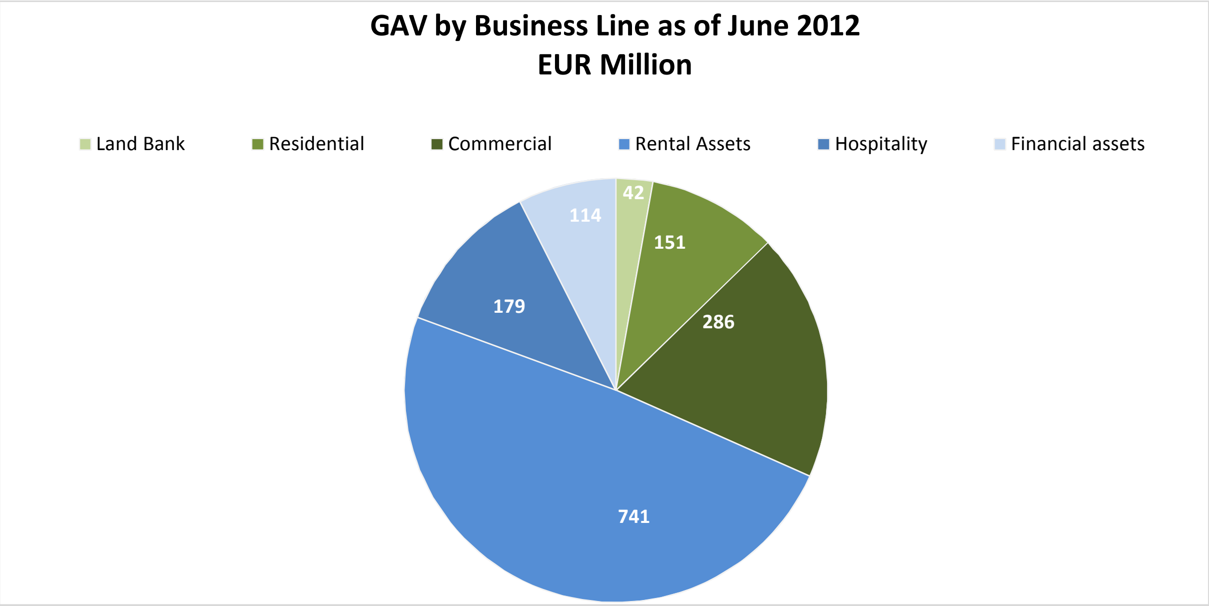
- Prague is the main contributor to the significant increase of new sales recorded during H1 2012 supported by the launch of the commercialization of the new residential project of the Group, Mezihori in Prague which encompasses 138 units and which Gross Development Value amounts to EUR 18 Million. The project is currently 30% pre sold and completion work is expected in august 2013. Construction costs of the project are mostly covered by the proceeds of the sale of the project Pivovar Vrchlabi to the contractor. This transaction offered a favorable trade off for the Group with the addition of an inventory ideally located in Prague with minimal equity need and the disposal of a non-strategic project. Among the current finished inventories, the Group completed the sale of the units of Hradec Kralove. Meanwhile 41% of the undelivered units of Mostecka as of December 2011 were sold and transferred during H1 2012.

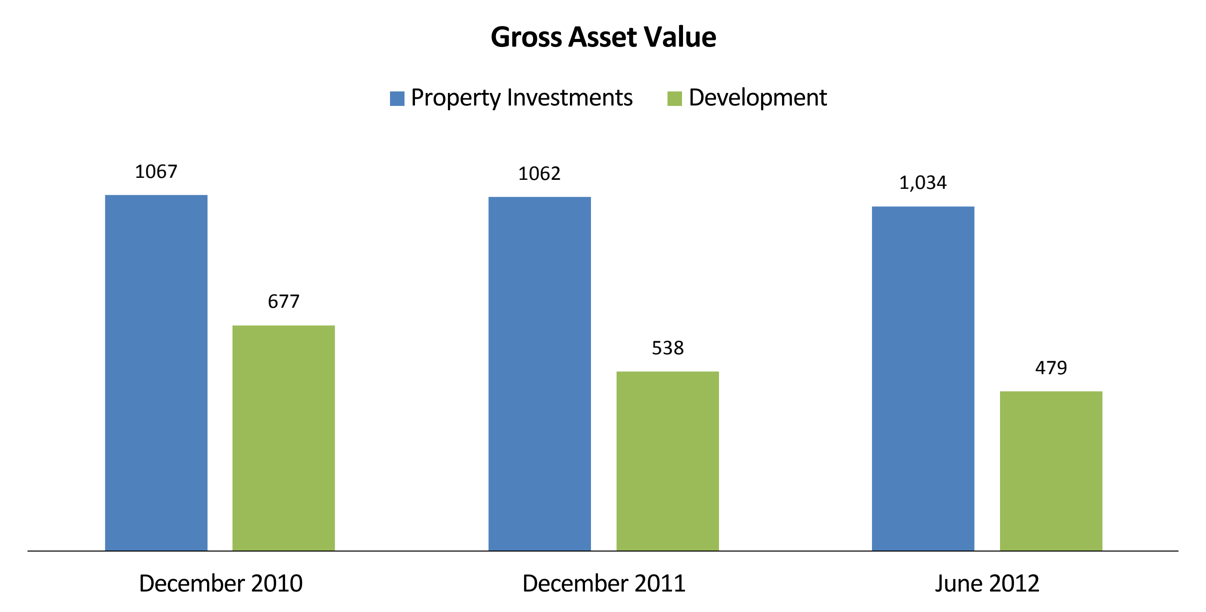
- In Warsaw, the number of unit sold decreased by 9% over H1 2012 in comparison with H2 2011 while the revenue contracted increased by 38% .The increase in revenue contracted is driven by the commercialization of Zlota 44, which pre sales contracts amounts to EUR 6.3 Million. 30% of the 266 apartments are currently under contract while the completion of the construction is expected for the first half of 2013. Klonowa remains the main contributor to the number of unit sold with 21 units sold during H1 2012 (27 units in H2 2011).
- In Bratislava, the commercialization of Koliba slowed down during H1 2012 (-29 % in comparison with H2 2012). The Group aims at completing the commercialization of the project for summer 2013 as 36% of the undelivered unit as of December 2011 have been sold in H1 2012. Out of 91 units produced 19 are still unsold as of end of June 2012.
- In Croatia, on the Island of Hvar, the Group aims at starting the sales of the project Sunny house during the summer season of 2012. The Group is studying whether selling the flats or leasing or selling the property to its subsidiary Suncani Hvar for executives accommodation.
- In Berlin in Germany, the Group pursues the audit and planning of different development project including :
  - the development of circa 8,316 SQM in Gebauer Hofe landplot on Helmotz str. directly on the Spree into a mixed office / residential building. Pre permit (zoning) is expected for end 2012.
  - the development of empty lands into either residential and/or commercial units, particularly in Mitte and Kreuzberg. The first project is expected to be launched at the turn of the year 2013.
  - the redevelopment of some of the smaller assets of GSG located in the district Mitte and Kreuzberg into residential units and condominiums

4 Gross Asset Value and NAV

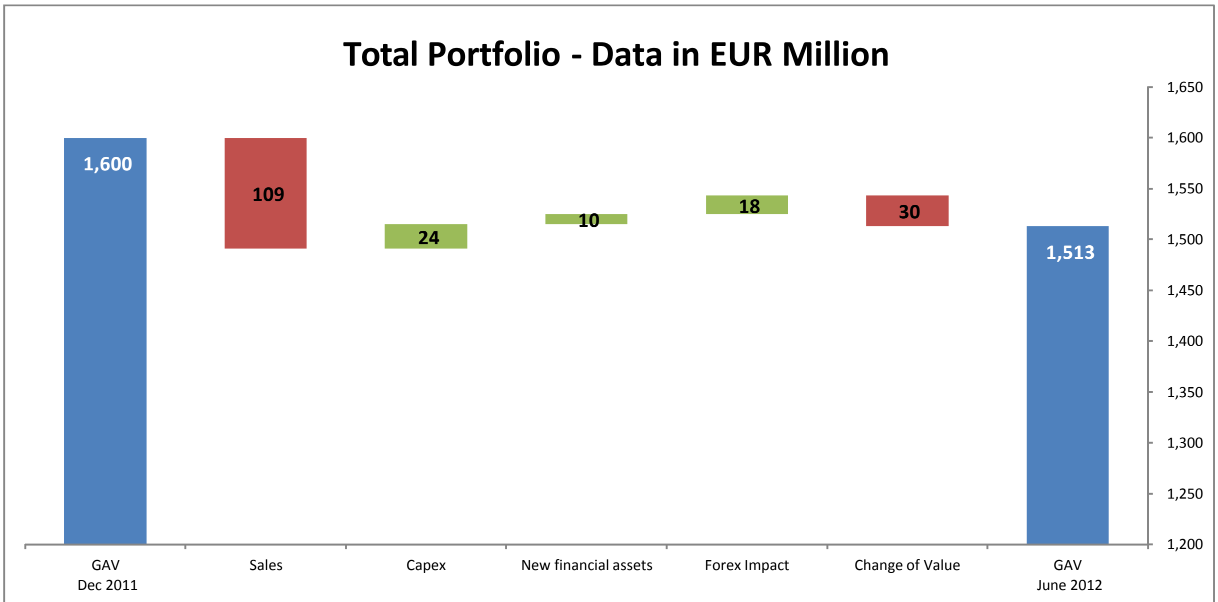
The Gross Asset Value ("GAV") corresponds to the sum of fair value of all real estate assets held by the Group on the basis of the consolidation scope and real estate financial investments, being shares in real estate funds, loans and receivables on third parties active in real estate, shares in non-consolidated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

As of June 2012, on the basis of a review of the real estate portfolio by the independent appraiser and the fair value of the real estate financial investments, the GAV went from EUR 1,600 Million as of December 2011 down to EUR 1,513 Million. The GAV breaks down to 68% of Property Investments and 32% of projects or land bank for the Development business line.





The EUR 87 Million variation results from asset and development sales amounting to EUR 109 Million, additional investment in projects under construction and permitting of land bank amounting to EUR 24 Million, a net positive exchange rate impact of EUR 18 Million and negative change in market value for EUR 30 Million compensating the forex impact as the valuation of the asset is in Euros. Over the first half of the year 2012, the financial assets increased by EUR 10 Million with the addition of the Radio Free Europe transaction's receivable.



4.1 Property Investments

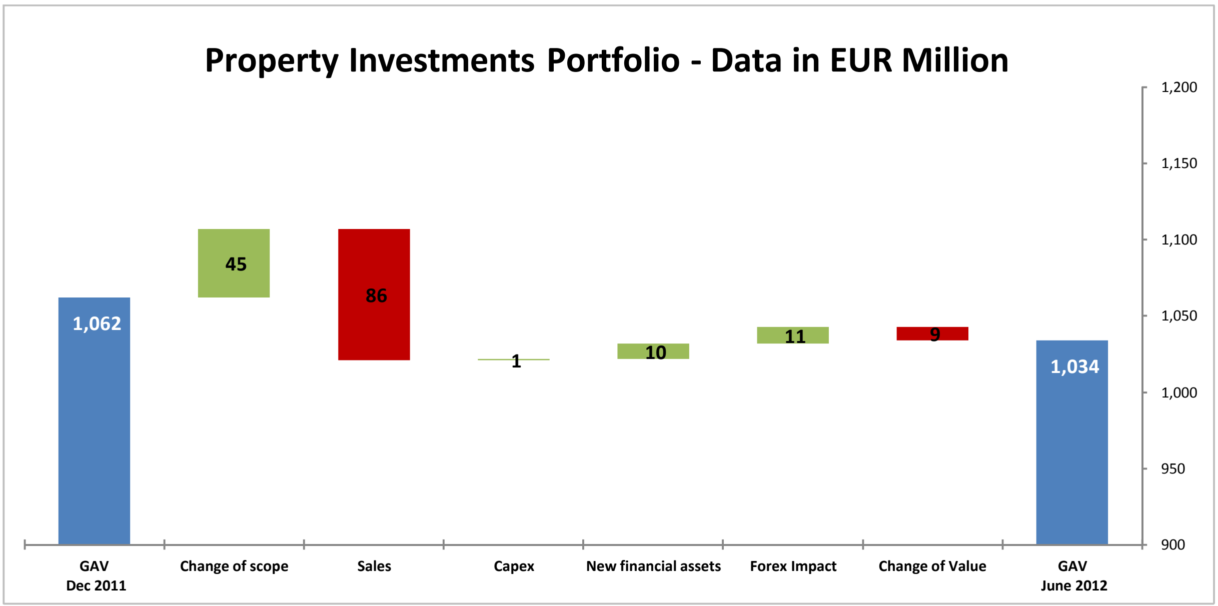
As of June 2012, the GAV of the Group's Property Investments business line (formerly called Asset Management) represented EUR 1, 034 Million in value (72% for rental assets, 17% for hospitality assets and 11% of financial assets).

The EUR 28 Million decrease encompasses:

- EUR 45 Million increase with the transfer from Development of the shopping center Vaci 1 completed end of 2011.
- EUR 86 Million decrease due to asset sales closed in H1 2012 which includes the disposal of Radio Free Europe, generating EUR 10 Million of new financial assets, and the disposal of assets in Berlin and Düsseldorf.
- EUR 1 Million of investments.
- EUR 11 Million of positive currency conversion impact due to the weakening of Euro against the Central European currencies, and in particular the Hungarian Forint.

* EUR 9 Million of net decrease in market value.

Corrected from sales of assets and investments and the addition of new assets, the fair value of the Property Investments portfolio has increased by EUR 2 Million.



4.1.1 Rental assets

As of June 2012, the rental assets' value is estimated at EUR 741 Million. In December 2011 the GAV of rental assets amounted to EUR 775 Million. The EUR 34 Million change is split in:

* EUR 45 Million of increase due to the transfer from commercial development to rental assets the shopping center Vaci 1;
* EUR 82 Million of asset disposal which main contributors are the disposal of Radio Free Europe and a few non-core assets in Germany.
* EUR 1 Million increase due to investments;
* EUR 9 Million of positive forex impact
* EUR 7 Million of positive net change in market value expressed in Euros.

Over the first 6 months of the year 2012, on a like for like basis the valuation of the rental portfolio expressed in euros is slightly increasing by EUR 2.3 Million or (+0.3% in comparison with December 2011 valuation).

In Berlin, the rental portfolio's valuation increased by EUR 4.4 Million (+1%) over the first six month of the year. The main driver of this increase is the inclusion in the valuation of a part of the extension potential during H1 2012 on the Berlin rental asset portfolio on which the Management has been working over the past 18 months. As of June 2012, 5,781 SQM of additional plots have been included in the value of the portfolio for a total additional value of EUR 2.2 Million.

In Central Europe, the valuation of the portfolio expressed in Euros, is slightly decreasing (-1% or EUR -2.1 Million on a like for like basis) mainly due to the difficult conditions encountered in Budapest (-EUR 1.4 Million) and Bratislava (-EUR 0.8 Million) while no significant change are recorded in the Czech Republic and Poland.

The following tables give detail on the portfolio according to the EPRA requirements.

4.1.1.1 Property Investments – Valuation data

Segment		Market Value of Property June 2012 EUR Million	Valuation Movement EUR Million Y-o-Y	Net Initial Yield EPRA (%)	Net Reversionary Yield (%)
Asset Class	**Location**				
	Prague, Czech Rep.	87.7	1.1	4%	10%
	Budapest, Hungary	38.1	-0.9	2%	12%
	Berlin & Lux.*	65.4	0.0	6%	7%
	Warsaw, Poland	5.9	0.1	6%	7%
Office		**197.0**	**0.3**	**4%**	**9%**
	Prague, Czech Rep.	21.6	-0.9	10%	12%
	Warsaw, Poland*	4.2	-0.3	13%	20%
Logistic		**25.8**	**-1.2**	**11%**	**13%**
	Bratislava, Slovakia	13.1	-0.8	2%	9%
	Budapest, Hungary	44.7	0.2	-1%	7%
Retail		**57.8**	**-0.6**	**-1%**	**7%**
Mixed Comm.	**Berlin, Germany**	**452.6**	**2.4**	**6%**	**7%**
Total portfolio**		**733.2**	**1.0**	**5%**	**8%**

*As of June 2012 some assets such as Marki in Poland, the GSG portfolio and Franklinstrasse in Germany are valued with the inclusion of additional land development. In order to present meaningful EPRA yield only the value of the rental asset is included here.
**Total Portfolio excluding the value of the development land attached to Marki, GSG and other german offices and the last units to be sold of the Vinohrady portfolio.

This table and the following include all assets considered as rental in the portfolio of the Group. They exclude the Vinohrady portfolio located in Prague which is made of residential assets that are now empty and are currently being sold on a unit by unit basis as the decrease in value of this specific portfolio reflects the decrease of the inventory of unit. It also excludes the value of the development land attached to the logistic asset of Marki and the additional land plots attached to GSG and which were included in the valuation for the first time for the closing of June 2012, as they do not generate rents. We distinguished these outlets from the rest of the portfolio as they don't directly match the EPRA scope and definitions.

- "Market value" is the net market value estimated by our independent expert at year end. 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 2012 in terms of yield.
- The reversionary yield is based upon the assumption of a fully rented asset at today's market rent. As of June 2012, we decided to use the figures provided by the external appraiser.

  Net Initial Yield and Reversionary Yield are based on the current gross market value of the assets. Those figures are indicator of the current operating performance of the assets and 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.

4.1.1.2 Property Investments – Lease data

					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			
Segment		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	
Asset Class	**Location**																
	Prague, Czech Rep	4.4	4.8	4.8	0.1	1.1	2.1	0.1	1.4	2.4	0.1	1.1	2.1	0.1	1.4	2.4	
	Budapest, Hungary	1.0	5.9	5.9	0.3	0.0	0.2	0.8	0.0	0.1	0.3	0.0	0.2	0.8	0.0	0.1	
	Berlin & Lux.	5.1	2.6	1.6	0.2	0.0	1.9	0.1	0.0	1.8	1.7	0.2	0.2	1.6	0.2	0.2	
	Warsaw, Poland	0.3	2.2	2.2	0.0	0.0	0.3	0.0	0.0	0.4	0.0	0.0	0.3	0.0	0.0	0.4	
Office		**10.8**	**3.8**	**3.3**	**0.5**	**1.2**	**4.4**	**1.0**	**1.5**	**4.8**	**2.0**	**1.4**	**2.7**	**2.5**	**1.7**	**3.1**	
	Prague, Czech Rep	2.3	5.9	5.9	0.3	0.0	0.0	0.4	0.0	0.0	0.3	0.0	0.0	0.4	0.0	0.0	
	Warsaw, Poland	0.8	1.2	1.2	0.6	0.0	0.3	0.5	0.0	0.3	0.6	0.0	0.3	0.5	0.0	0.3	
Logistic		**3.1**	**4.6**	**4.6**	**0.8**	**0.0**	**0.3**	**0.9**	**0.0**	**0.3**	**0.8**	**0.0**	**0.3**	**0.9**	**0.0**	**0.3**	
	Bratislava, Slovakia	0.3	1.0	1.0	0.0	0.3	0.0	0.0	0.7	0.0	0.0	0.3	0.0	0.0	0.7	0.0	
	Hungary	1.0	7.5	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Retail		**1.3**	**6.0**	**6.0**	**0.0**	**0.3**	**0.0**	**0.0**	**0.7**	**0.0**	**0.0**	**0.3**	**0.0**	**0.0**	**0.7**	**0.0**	
Mixed Comm.	**Berlin, Germany**	**34.8**	**0.9**	**0.9**	**26.8**	**3.6**	**2.5**	**24.7**	**3.3**	**2.3**	**26.8**	**3.6**	**2.5**	**24.7**	**3.3**	**2.3**	
Total portfolio		**50.1**	**1.9**	**1.8**	**28.1**	**5.1**	**7.2**	**26.7**	**5.5**	**7.4**	**29.6**	**5.3**	**5.5**	**28.1**	**5.7**	**5.8**	

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 office portfolio: the average lease length of the portfolio decreased from 16.0 years as of December 2011 down to 3.8 years due to the disposal of Radio Free Europe which had as of December 2011 a lease maturity of 41.8 years.
- In Hungary, the revenue of the Szervita car park is assumed to be of less than 1 year maturity. As the car park is meant to be at full occupancy and no figure of lease maturity can be used, the amount of ERV considered as "to expire in less than 1 year" for the Szervita car park is its total potential ERV. It should be understood that a lease up period will occur before the target of potential ERV is to be reached. And this lease up period is estimated to be of more than a year.
- The GSG portfolio presents a specific profile of lease maturity. A significant part of the contracts do not include an expiry date and are short term contracts which are automatically renewed. The average length of lease amount to 0.9 years. We have assumed very conservatively that those contracts would expire in the next year. As a consequence the average maturity of GSG is 0.9 years.

The specificity of GSG short leases explain the short consolidated maturity of Orco's leases.

4.1.1.3 Property Investments – Rental data

Asset Class	Location	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 %
	Prague, Czech Rep.	4.2	3.3	64,933	4.4	8.8	40%
	Budapest, Hungary	1.0	0.3	29,163	1.0	4.7	77%
	Berlin & Lux.	4.7	4.3	39,925	5.1	5.5	12%
	Warsaw, Poland	0.4	0.4	1,400	0.3	0.4	0%
Office		**10.3**	**8.3**	**135,421**	**10.8**	**19.4**	**40%**
	Prague, Czech Rep.	2.1	1.8	77,181	2.3	2.6	12%
	Warsaw, Poland	0.9	0.7	35,230	0.8	0.9	2%
Logistic		**3.0**	**2.5**	**112,411**	**3.1**	**3.5**	**10%**
	Bratislava, Slovakia	0.3	0.0	8,220	0.3	1.2	40%
	Budapest, Hungary*	0.5	0.1	11,904	1.0	3.2	66%
Retail		**0.7**	**0.1**	**20,124**	**1.3**	**4.3**	**59%**
Mixed Comm.	**Berlin, Germany**	**34.8**	**32.9**	**807,884**	**34.8**	**41.5**	**21%**
Total portfolio		**48.9**	**43.8**	**1,075,840**	**50.1**	**68.7**	**29%**

Hungary*: Starting January 2012, Vaci 1 is part of the property investment portfolio. As a consecuence, GRI and NRI figures included in this table for Vaci 1 are annualized.

The "Rental data" table presents details on the level of rents and the occupancy of the Group Portfolio for assets held as of June 2012. 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. Gross Rental Income was used as proxy when EPRA data could not be provided. 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.

4.1.1.4 Property Investments – Like for like Net Rental Income

Asset Class	Country	NRI H1 2011 EUR Million	Disposals	Acquisitions	(Re) development	Like-for-Like	Other & Forex impact	NRI H1 2012 EUR Million
	Prague, Czech Rep.	3.2	0.0	0.0	0.0	0.6	0.0	3.8
	Budapest, Hungary	0.1	0.0	0.0	0.0	0.0	0.0	0.1
	Berlin & Lux.	2.5	-0.2	0.0	0.0	-0.2	0.0	2.1
	Warsaw, Poland	0.2	0.0	0.0	0.0	0.0	0.0	0.2
Office		**6.0**	**-0.3**	**0.0**	**0.0**	**0.5**	**0.0**	**6.2**
	Prague, Czech Rep.	0.8	0.0	0.0	0.0	0.1	0.0	0.9
	Warsaw, Poland	0.3	0.0	0.0	0.0	0.1	0.0	0.4
Logistic		**1.1**	**0.0**	**0.0**	**0.0**	**0.2**	**0.0**	**1.3**
	Bratislava, Slovakia	**-0.1**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**
	Budapest, Hungary	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.1**
Retail		**-0.1**	**0.0**	**0.1**	**0.1**	**0.0**	**0.0**	**0.1**
Mixed Commercial	**Berlin, Germany**	**16.3**	**-0.1**	**0.0**	**0.0**	**0.7**	**0.0**	**16.9**
Total portfolio		**23.3**	**-0.4**	**0.1**	**0.1**	**1.4**	**0.0**	**24.5**

The like-for-like net rental income increased by EUR 1.4 Million year on year. The main contributors are Na Porici and Hradskanka (+EUR 0.6 Million) and GSG (+EUR 0.7 Million).

The disposal of assets in Berlin during the years 2011 and 2012, namely Brünnenstrasse, Invalidenstrasse 112, Kudamm 102, Bergfriedtrasse and Kufürstentrasse 13,14 decreases the total NRI by EUR 0.4 Million. The sale of Radio Free Europe, which occurred in May 2012 will only significantly impact the net rental income during H2 2012.

Vaci I, the prime shopping center, previously classified as a commercial development and since January 2012, fully operated as a rental asset is increasing the Net Rental Income by EUR 0.1 Million and is classified as an acquisition.

ORCO

PROPERTY GROUP

4.1.2 Hospitality assets

Suncani Hvar Hotel	Number of Assets	Number of operated rooms	Occupancy %	Market Value H1 2012 EUR Million	Market Value December 2011 EUR Million	Change in Market Value 2011 vs 2010
Four Star Category	4	437	49.0%	76	76	0%
Two - Three Star Category	4	383	48.8%	12	12	0%
Total Suncani Hvar Hotel	**8**	**820**	**49.0%**	**88**	**88**	**0%**
Other	7			13	14	-11%
Total Suncani Hvar	**15**	**820**		**100**	**102**	**-1%**

For June 2012, DTZ has performed a review of December 2011 valuations. Globally the aggregate value of the Portfolio is similar to the one as of December 2011.

For the Croatian portfolio values are unchanged, the variation in comparison with. December 2011 is due to the sales of the Café Placja during H1 2012.

CEE Hotels	Number of Assets	Number of rooms	Occupancy %	Market Value June 2012 EUR Million	Market Value 2011 EUR Million	Change June 2012 vs Dec 2011
Prague, The Cezch Republic	5	481	56%	61.2	61.6	-0.6%
Warsaw, Poland	3	220	53%	24.8	24.2	2.5%
Budapest, Hungary	3	160	65%	14.2	14.8	-4.1%
Pokrovka, Russia	1	84	81%	39.0	37.8	3.2%
Bratislava, Slovakia	1	32	58%	0.5	0.4	4.5%
Total CEE	**13**	**977**	**59%**	**139.7**	**138.9**	**0.6%**
All numbers are at 100%						

The CEE portfolio saw variations in the values. Russia and Poland showed strong performance thus increase in values while Hungary saw small decrease in values mainly caused by the difficult economic environment.

These trends are confirmed by hotel industry data which indicate overall modest growth in occupancy and rates over the first six months of the year. The latest report from the European Travel Commission states that Hotel demand in Europe is contrasted with positive sign in Western, Central and Eastern Europe. This market trend is confirmed at group level by reasonable improvement in operational performance of the hospitality portfolios. As a result, and in absence of significant major transaction in the CEE countries, exchange rate impact are the main drivers of valuation changes between December 2011 and June 2012.

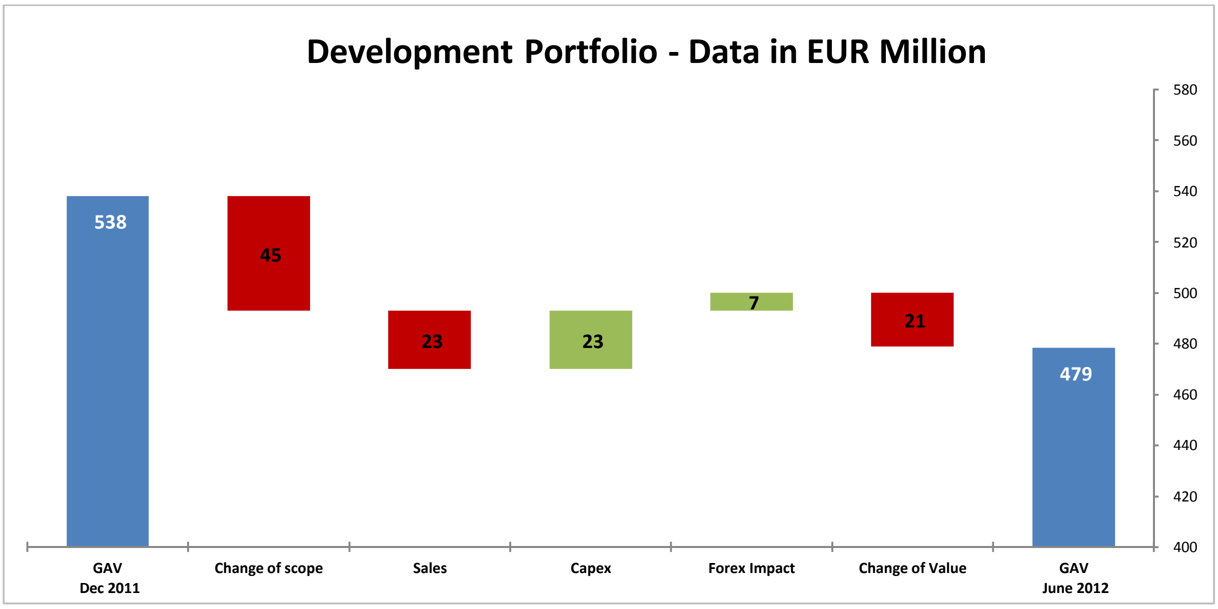
4.1.3 Financial assets

The GAV of financial assets increased to EUR 114 Million in June 2012 from EUR 107 Million in December 2011. The variation is due to:

- EUR 3 Million of decrease due to the repayment of a loan granted by the Group to the endurance fund asset BB Centrum and partial repayments on the receivable relating to the Russian activities transaction.
- EUR 10 Million of increase with the addition of the Radio Free Europe USD 12 Million promissory notes.

4.2 Development

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 2012, the Group's development GAV amounts to EUR 479 Million (60% commercial and mixed used developments, 31% of residential developments, 9% of land bank). The development assets are mainly located in Prague the Czech Republic (44%) with key projects such as Bubny and Benice in Prague, Germany (29%) mainly Sky Office (as the German other developments being part of the investment portfolio are not specifically carved out), and Poland (26%) with Zlota 44 in Warsaw.

The total value of the Development business line, corrected from sales, cash investments depreciated by EUR 14 Million during the first 6 months of 2012. The main drivers of this decrease of value in value are the commercial projects (-EUR 10 Million after forex impact) with in particular Sky Office in Berlin (EUR 10 Million).

4.2.1 Commercial developments

The commercial development portfolio consists of properties that the Company has developed or is developing across CEE region to keep and manage or sell. The ongoing and finished projects are office, retail or mixed-use projects but also land plots for which the Group acts as a land developer.

Over the first six months 2012, the Group pursued the selective development of commercial projects. The Bubny project passed a significant milestone with the initiation of the Master Plan changed being unanimously voted by Prague City Council in May 2012. In the meantime, the Group completed the sale of projects in Dusseldorf (Hüttenstrasse) while the selling process of Sky Office is ongoing.

The project Vaci 1 in Budapest, completed end of 2011 is now part of the Property Investment portfolio.

The GAV of commercial developments decreased to EUR 286 Million in June 2012 from EUR 344 Million in December 2011. The variation is due to:

- EUR 45 Million of change of scope with the transfer of Vaci 1 to Property investments portfolio
- EUR 7 Million decrease due to sales closed over the first six months of the year in Dusseldorf (Hüttenstrasse)
- EUR 4 Million of investments for Sky office and Bubny
- EUR 1 Million of positive exchange rate impact.
- EUR 11 Million of net decrease in market value.

4.2.2 Residential developments

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 Benice in Prague.

The increase of EUR 5 Million over the first half of the year 2012 (June 2012 GAV amounting to EUR 151 Million compared to December 2011 EUR 146 Million) is driven by:

- EUR 3 Million positive impact of change in scope with the transfer of Mezihori from landbank with the starting of the project
- EUR 12 Million of sales.
- EUR 19 Million of investments.
- EUR 5 Million of positive exchange rate impact.
- EUR 10 Million of negative change in value.

ORCO PROPERTY GROUP

Projects completed - Inventory

Over the H1 2012, the commercialization of finished inventories is progressing.

Project completed	Location	Asset type	Comments	Market value June 2012 EUR Million	Market value Dec 2011 EUR Million
Hradec Kralove	Hradec Kralove	Multi-dwelling houses	Sold-out	0.0	0.5
Kosic*	Prague	Multi-dwelling houses		3.4	3.9
Americka 11	Prague	Multi-dwelling houses		0.2	0.7
Feliz Residence	Warsaw	Multi-dwelling houses		0.9	1.4
Klonowa Aleja	Warsaw	Multi-dwelling houses		5.2	8.1
Mokotowska	Warsaw	Multi-dwelling houses		2.0	2.4
Koliba	Bratislava	Multi-dwelling houses		5.2	11.4
Rising sun house	Hvar, Croatia	Multi-dwelling houses	Completed in 2011	1.4	1.4
TOTAL				**18.1**	**29.7**

* The Group owns 50% of Kosic. The market value indicated is the market value of the 50% share of the Group

- Hradec Kralove – Phase III: the project is now sold out.
- Kosik: the Group slowed down on purpose the marketing of the project as in August 2012 the sales will benefit from a VAT exemption status. The price list will then be redesigned in order to offer more competitive prices while improving the profitability. The value indicated represents the market value of the remaining units which is owned by the Group at 50%. As of June 2012, 94% of phases I, II and III a are delivered.
- Americka 11: the Property is sold as shell and core. As of June 2012, 93% of the residential area is delivered.
- Klonowa Aleja: as of June 2012, 82% of the residential areas are delivered.
- Feliz Residence: the Property is located in Ochota district of Warsaw. The project is 92% delivered as of December 2011.
- Mokotowska 59: the project is 71% delivered as of June 2012.
- Parkville: project is 76% delivered as of June 2012.

Projects under construction

Over H1 2012, the Group launched the project Mezihori in Prague 8, while the delivery of Mostecka, Benice 1B in Prague and Zlota 44 in Warsaw are being processed.

Project under construction	Location	Asset type	Comments	Market value June 2012 EUR Million	Market value Dec 2011 EUR Million
Zlota 44	Warsaw	High rise luxury appartments		101.6	85.9
Mostecka	Prague	Multi-dwelling houses	Delivery of units started	5.2	6.4
Benice	Prague	Houses	Delivery of units started	5.0	6.4
Mezihori	Prague	Multi-dwelling houses		3.2	2.7
TOTAL				**115.0**	**101.3**

- Złota 44 (www.zlota44tower.com) is a unique high-rise development, offering an unprecedented dimension of luxury lifestyle in midtown 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, in addition to on-site parking and fantastic views from its floor to ceiling windows.

  Złota 44, the highest residential tower in European Union, has been designed by world class architect Daniel Libeskind in accordance with the most exacting environmental and technological standards; such as a triple glazed façade, the first one in Poland, or its flat screen accessible domotics.

  The Złota 44 project works are now nearly 60% complete. The reinforced concrete structure of the tower was completed in February 2012. Over 66% of the hi-tech façade panels are in place. At the same time, interior finishing works have reached height of intensity, which include, among others, installation of wall partitions, plumbing and electricals. The works under way also include the installation on the Libeskind Sail of its characteristic steel structure final. Works are expected to be completed mid-2013.

  Event though still under construction, 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.

  In 2011, the re-opening of the sales induced the requirement of obtaining confirmation of the previous contracted sales. As of the date of publication of this report, 30% units of the project are contracted.

- Mostecka: as of June 2012, 75% of the residential units are delivered and 2,600 sqm of commercial space is still uncontracted.

- Benice 1B: 32% of the units produced as of June 2012 are delivered. The phase II-V covering 59 ha which value is not included in the table above, will be developed at the completion of phase 1B and until 2021.

- Mezihori: the development was launched in March 2012 with a completion date scheduled for Summer 2013. As of 30 June 2012, 30% of the unit planned are contracted. The site is located in Prague 8, Palmovka. It comprises a land plot of 3,600 sqm with a GEFA potential of 19,050 sqm. The site is approximately located 3 km from Prague City centre, with the metro station of Palmovka, and two tramway stations at walking distance. Construction costs of the project are mostly covered by a barter transaction with the contractor on the project Pivovar Vrchlabi contractor. This transaction offered a favorable trade off for the Group with the addition of an inventory ideally located in Prague with minimal equity need and the disposal of a non-strategic project.

4.2.3 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 48 Million in December 2011 down to EUR 42 Million.

This decrease of EUR 6 Million year on year is driven by:

- EUR 3 Million decrease with the change of scope of Mezihori now actively developed as a residential project.

- EUR 4 Million of sales

- EUR 1 Million of positive exchange rate impact

- No change in value

As of June 2012, the Group holds some 1.9 Million sqm of land plots (478 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 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	133,590 sqm	152,251 sqm	353,446 sqm	80,000 sqm	487,036 sqm	232,251 sqm
Poland	130,368 sqm	112,434 sqm	35,573 sqm	47,256 sqm	165,941 sqm	159,690 sqm
Slovakia	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm	0 sqm
Croatia	6,208 sqm	0 sqm	104,944 sqm	0 sqm	111,152 sqm	0 sqm
Germany	36,425 sqm	11,465 sqm	0 sqm	0 sqm	36,425 sqm	11,465 sqm
Sub-total land bank	306,591 sqm	276,150 sqm	493,963 sqm	127,256 sqm	800,554 sqm	403,406 sqm
The Czech Republic	0 sqm	0 sqm	907,839 sqm	600,000 sqm	907,839 sqm	600,000 sqm
Poland	131,130 sqm	0 sqm	0 sqm	0 sqm	131,130 sqm	0 sqm
Germany	39,860 sqm	43,549 sqm	0 sqm	0 sqm	39,860 sqm	43,549 sqm
Sub-total other category	170,990 sqm	43,549 sqm	907,839 sqm	600,000 sqm	1,078,829 sqm	643,549 sqm
Total	477,581 sqm	319,699 sqm	1,401,802 sqm	727,256 sqm	1,879,383 sqm	1,046,955 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 2012, the Landbank decreased though the disposal of Przy Parky (-4,197 sqm) in Poland and of German plots (-9,771 sqm) through the sale of Ackerstrasse 83-84 and plots of Hochwald in Berlin

In the meantime, the reviewed development potential of rental assets in Berlin part of the portfolio Gebauer Strasse and GSG concluded to the availability of 43,549 sqm not recorded until now. This development potential is currently only partially included in the valuation of the portfolio of assets in Berlin by the independent appraiser as the required authorizations for development are still pending. The Group is actively pursuing the opportunity to take advantage of this extension reserve in Berlin.

The land bank provides the support of the future pipeline of the Group. Kosic 3b, Praga or U Hranic in Prague are currently under review to be potentially developed over the coming years.

4.3 Liabilities and financial profile

4.3.1 Cash and cash equivalents

Cash and cash equivalents have increased by EUR 6.8 Million over the first six months of 2012 to reach EUR 43.9 Million. Restricted cash (see note 9 of the interim consolidated financial statements on restricted cash) increased by EUR 13.4 Million to EUR 27.6 Million compared to EUR 14.2 Million as at December 2011.

ORCO PROPERTY GROUP

4.3.2 Loan to value

The calculation of the Loan to value (LTV) as of June 2012 is shown in the table below:

	June 2012	December 2011
Non current liabilities		
Financial debts	231 630	239 225
Current liabilities		
Financial debts	566 563	620 835
Current assets		
Current financial assets	(244)	(29)
Liabilities held for sale	-	15 892
Cash and cash equivalents	(43 936)	(37 095)
Net debt	**754 014**	**838 829**
Investment property	805 576	872 316
Hotels and owner-occupied buildings	140 628	142 659
Financial assets at fair value through profit or loss	45 754	46 787
Financial assets available-for-sales	9 596	-
Non current loans and receivables	64 577	66 666
Inventories	381 206	382 279
Assets held for sale	3 575	24 129
Revaluation gains (losses) on projects and properties	67 809	70 049
Fair value of portfolio	**1 518 722**	**1 604 884**
Loan to value before bonds	**49.6%**	**52.3%**
Bonds and accrued interests on bonds	223 300	285 631
Loan to value after bonds	**64.4%**	**70.1%**
New Notes	74 823	
Equitization bond debt	(223 300)	
Loan to value after approved restructuring	**54.6%**	**52.3%**

As at June 2012, the LTV ratio before full accounting of bonds' restructuring decreases from 70% to 64% and to 55% after taking into account the full restructuring of the bonds issued by the Group and the issuance of New Notes as described in note of this report.

4.3.3 Financial liabilities

The financial debts decrease as a result of the acquisition of 85% of the bonds issued by Orco Germany SA that had at the time of acquisition a book value of EUR 109 Million. The other steps of the bonds' restructuring have no impact on the June 2012 consolidated accounts. On top of the bonds' restructuring the decrease also results from the repayment of bank loans upon sale of inventories and investment properties (EUR 62 Million), partial early redemption of GSG and Sky office bank loans (EUR 16 Million) and other repayments of bank loans (EUR 3 Million). This is partially compensated by the capitalization of the redemption premium and unpaid interests of OG bonds (EUR 29 Million), the accrual of actuarial interests (EUR 20 Million) and foreign exchange differences (EUR 5 Million).

Out of the EUR 1.0 Billion borrowings, EUR 784 Million relate to bank loans, EUR 223 Million relate to bonds issued by the Company or OG and EUR 14 Million relate to loans from joint venture partners and finance leases.

78% of the bank loans relate to income producing assets (development projects under delivery and buildings producing rents or other operational revenues), compared to 77% as at December 2011. While in continuing decrease, 22% of the bank loans still relate to non-income producing land bank and projects under construction.

Over the first half of 2012 the Group managed to renegotiate a total of EUR 484 Million bank loans, some of the most important ones being listed below:

- Vaci I (EUR 40 Million) prolonged until September 2012.
- Szervita (EUR 10 Million) prolonged until May 2013
- Paris Department Store (EUR 16 Million) prolonged till October 2013.
- GSG (EUR 286 Million) prolonged till 31.08.2012 and early redemption for EUR 15 Million.
- Sky Office financed with a EUR 95 Million loan has been extended till October 2012 with an early redemption for EUR 1.4 Million.
- Hakeburg financed with a EUR 0.7 Million loan has been extended till end of September 2012
- Na Porici (EUR 37 Million) prolonged till December 2016.

4.3.3.1 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 2012	**566.6**	**112.1**	**219.4**	**123.5**	**1,021.5**
As at 31 December 2011	**756.7**	**71.4**	**217.1**	**114.2**	**1,159.3**
Variation	**(190.1)**	**40.7**	**2.3**	**9.3**	**(137.8)**

The sharp decrease in short term liabilities is mainly related to the acquisition by OPG against the issuance of equity instruments of bonds initially issued by OG for EUR 109.1 Million and the repayment of bank loans upon sale of assets for EUR 55.4 Million other repayments of bank loans for EUR 25.6 Million of which GSG for EUR 14.6 Million.

Access to debt financing for development projects remained difficult except with high pre-lease or pre-sale ratios, and no major changes are expected in the short term. Banks still only accept low loan-to-value ratios for new projects, especially outside Germany, while the spread between yields and interests rates remains high.

4.4 EPRA Net Asset Value[2]

Using identical calculation methodologies as in previous years, the EPRA Net Asset Value (EPRA NAV) per share as of June 2012 is EUR 10.43 compared to EUR 22.40 as at December 2011.

Triple NAV amounts to EUR 8.12 per share compared to EUR 16.02 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. The market value of bonds as at June 2012 is based on a valuation report established by an independent expert.

	June 2012	December 2011
Consolidated equity	**334,470**	**263,195**
Fair Value adjustment on asset held for sales	-	-
Fair value adjustments on investment portfolio	-	-
Fair value adjustments on hotels and own occupied buildings	8,037	7,399
Fair value adjustments on inventories	59,772	62,650
Deferred taxes on revaluations	83,532	83,659
Goodwills	(35,574)	(35,942)
Own equity instruments	799	1,074
EPRA Net asset value	**451,036**	**382,035**
Net asset value in EUR per share	10.43	22.40
Existing shares (*)	43,263	17,054
EPRA Net asset value	**451,036**	**382,035**
Effect of dilutive instruments (**)	-	32,308
Deferred taxes on revaluations	(83,532)	(83,659)
Market value of bonds (***)	(16,349)	22,338
EPRA Triple Net asset value	**351,154**	**353,021**
Triple net asset value in EUR per share	8.12	16.02
Fully diluted shares	43,263	22,043

(*) The increase of the existing shares by 26.2 Million takes into account the 18.4 Million of OPG shares issued with the first step of the OCA conversion and the 7.8 Million OPG shares to be issued after the second step of the OCA conversion, as in the IFRS consolidated accounts these remaining OCA have been fully booked in the equity.

(**) As the exercise price of the warrants is higher than the Net Asset Value per share as at 30 June 2012, they have no dilutive effect.

(***) As of 30 June 2012, the market value of the OPG bonds has been established on the basis of the agreed restructuring as described in the point 2.1 of this report, i.e. the market value, as of June 30, of the 65 Million new OPG shares and the EUR 55 Million New Notes to be issued as repayment.

Over the first semester of 2012 the consolidated equity increased by EUR 71.3 Million. The main drivers of this increase are the OG bonds restructuring for EUR 73.7 Million net[3], the loss of the period for EUR 7.0 Million and the foreign exchange gains in CTA[4] for EUR 4.4 Million.

Based on the terms of the agreed restructuring described in the Note 2.1 of this document, the post restructuring NAV is amounting to EUR 5.58 per share. This estimate is taking into account a full implementation of the Safeguard Bonds restructuring.

[2] 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.

[3] *See Note IV of the Condensed consolidated interim financial information*

[4] *Cumulative Translation Adjustment*

OPG Shares as at 31 December 2011	**17,053,866**
Shares issued in repayment of the first step of the OCA conversion (*)	*18,361,540*
OPG Shares as at 30 June 2012	**35,415,406**
Shares to be issued in repayment of the second step of the OCA conversion	*7,848,089*
Shares to be issued in conversion of the Safeguard Bonds	*65,000,000*
OPG Shares -	**108,263,495**

(*) 14 May 2012

5 Half Year 2012 Financial Results

Throughout 2012, the Group recorded a net loss amounting to EUR 7.0 Million compared to a net loss of EUR 7.5 Million in 2011.

The Net result is strongly impacted by the equitization of the OG bonds generating a gain of 32.6 Million which is the difference between the market value of the OCA (as at 9 May 2012) and the booked value of the 85% of the OG Bonds acquired by OPG.

Excluding this gain the Net result amounts to a loss of EUR 39.6 Million which is, on a difficult market and environment, mainly due to a net loss in fair value of EUR 5.5 Million, impairments on Sky Office for EUR 13.6 Million and a conservative approach taken by the Group generating EUR 4.6 Million of provisions mainly related to the deferred considerations on assets sold.

In the meantime, as a result of the continuous efforts on the costs and Group's structure rationalization, the EBITDA has been improved by EUR 9.4 Million compared to June 2011 to EUR 21.1 Million.

5.1 Consolidated income statement

	6 months 2012	6 months 2011
Revenue	**69,455**	**73,571**
Net gain / (loss) from fair value adjustments on investment property	(5,309)	(351)
Other operating income	5,522	370
Net result on disposal of assets	886	11,052
Cost of goods sold	(13,610)	(16,899)
Employee benefits	(13,593)	(14,058)
Amortisation, impairments and provisions	(25,806)	(3,585)
Operating expenses	(26,557)	(31,196)
Operating result	**(9,012)**	**18,904**
Interest expenses	(39,610)	(41,600)
Interest income	1,746	2,419
Foreign exchange result	9,926	12,664
Other net financial results	30,992	5,572
Financial result	**3,053**	**(20,945)**
Profit/(loss) before income taxes	**(5,958)**	**(2,041)**
Income taxes	(3,839)	(443)
Profit from continuing operations	**(9,798)**	**(2,484)**
Profit / (loss) after tax from discountinued operations	-	(3,342)
Net profit / (loss) for the period	**(9,798)**	**(5,826)**
Total profit/(loss) attributable to:		-
Non controlling interests	2,796	(1,677)
Owners of the Company	**(7,002)**	**(7,503)**

5.2 Revenue by Business line

Revenue decreased year on year to EUR 69.5 Million for the first half of 2012 compared to EUR 73.6 Million over the same period in 2011 (-5.6 % y-o-y). The strong decreasing of development revenues has only been partially compensated by the increase of rents and Endurance Fund management fees in the Property Investments business line. The decrease of development revenues results mainly from a lower number of residential units available for sale in the Czech Republic.

ORCO PROPERTY GROUP

	Development	Property Investments	Total
Revenue H1 2012	16,863	52,593	69,456
Revenue H1 2011	23,476	50,095	73,571
Variation	**(6,613)**	**2,498**	**(4,115)**

5.2.1 Development

5.2.1.1 Residential

Residential development sales have decreased from EUR 19.4 Million over H1 2011 to EUR 13.7 Million over the same period in 2012. 72 units have been delivered including 24 in Prague (-67% y-o-y), 36 in Warsaw (+89% y-o-y), 12 in Bratislava (+100% y-o-y) to be compared with 98 units over the same period in 2011. The Group repositioning from mass development to specific opportunistic developments led to a reduced number of new projects launched and completed over the years 2010 and 2011. In comparison with H1 2011, the projects Le Mont, Michle, Nove Dvory and Radotin in Prague were supporting the level of sales during H1 2011 for a total amount of EUR 4.7 Million and their commercialization was completed by end of December 2011. Reduction of current completed inventory is therefore the main driver of reduced deliveries. In the meantime, over H1 2012, the Group started the project Mezihori encompassing 138 units in the Palmovka area in Prague 8. As of August 2012, circa 35% of the project is pre-sold and the financing is secured. First deliveries will occur mid of 2013.

The main contributors to the revenue are:

- In Prague : Pivovar Vrchlabi (EUR 2.2 Million), Mostecka (EUR 1.2 Million), Kosic (EUR 0.6 Million), Hradec Kralove III (EUR 0.5 Million), Benice (EUR 0.4 Million), Americka 11 (EUR 0.4 Million),
- In Warsaw : Klonowa Aleja (EUR 3.0 Million) and Feliz Residence (EUR 0.5 Million) to be compared with EUR 2.6 Million in H1 2011
- In Bratislava: Koliba for EUR 3.3 Million (+EUR 1.3 Million in comparison with H1 2012) due to the re dynamisation of the sales during H2 2011

For projects under construction, total backlog amounts to 449 units of which 110 are covered by a future purchase or a reservation contract. This includes 266 units in Poland (64 contracted) and 183 in the Czech Republic (46 units contracted).

The total backlog of completed projects is made of 106 units, for total expected sales of EUR 24.1 Million with remaining bank debt of EUR 0.5 Million, and 11 of them are covered by a future purchase or a reservation contract.

The Company expects to launch a number of new projects in Prague (Kosik 3b, U Hranic) and in Berlin (Kreuzberg) on existing plots / buildings.

5.2.1.2 Commercial

Over H1 2012, the commercial development activity recorded EUR 3.1 Million of revenue. Over the same period in 2011, the revenue of the commercial development activity amounted to EUR 3.9 Million.

The main contributors to commercial development revenue are the rent generated by the project Sky Office for EUR 2.9 Million (EUR 2.7 Million in H1 2011). The sale of Sky which has been postponed is expected to occur during H2 2012.

5.2.2 *Property Investments*

The Property Investments business line revenue increased by 5% at EUR 52.6 Million as of June 2012 (EUR 50.1 Million in June 2011). The main key performance indicators and events impacting the business over the year are commented in part 3 of this report.

5.2.2.1 Rental

Rental and asset management generate stable revenue of EUR 40.7 Million over H1 2012 compared to EUR 38.5 Million over the same period in 2011 as a result of the transaction fees on the asset sales of Endurance Fund (EUR 1.8 Million compared to EUR 1.3 Million over the same period in 2011), the improvement of GSG portfolio occupancy (EUR 0.6 Million) and the partial opening of Vaci 1 (EUR 0.6 Million) partially compensated by the disposal of small assets in Berlin (-EUR 0.5 Million). Radio Free Europe office building contributed to H1 revenue until May 2012 for EUR 2.2 Million, over H2 2011 this asset was contributing for EUR 2.6 Million.

5.2.2.2 Hospitality activities

Hospitality revenue is slightly increasing at EUR 11.9 Million as of June 2012 (EUR 11.6 Million over H1 2011). Revenues of Suncani Hvar in Croatia generated over the start of the season increased by EUR 0.2 Million (+5%).

ORCO
PROPERTY GROUP

5.2.3 Operating expenses and Employee benefits

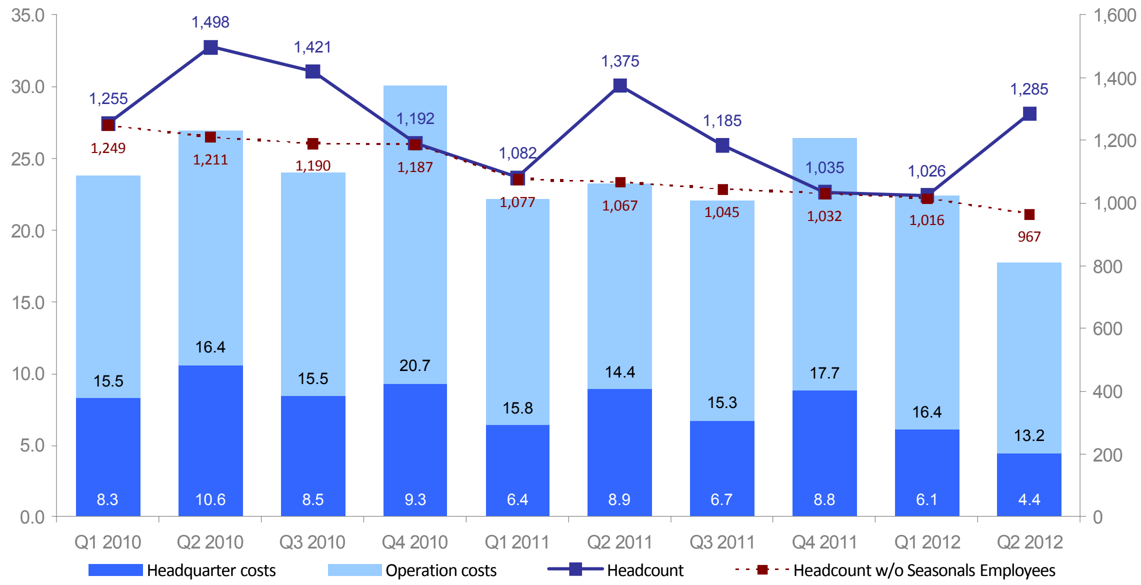
The "Operating expenses" and "Employee benefits" amount to EUR 40.1 Million compared to EUR 45.2 Million in 2011. The main driver to this improvement of 11.3% is the improvement of the headquarter costs by EUR 4.7 Million.

	30 June 2012	30 June 2011	Variation
Leases and rents	(1,251)	(1,488)	237
Building maintenance and utilities supplies	(12,992)	(14,326)	1,333
Marketing and representation costs	(2,246)	(2,233)	(13)
Administration costs	(7,284)	(9,651)	2,367
Taxes other than income tax	(1,945)	(2,892)	947
Hospitality specific costs	(407)	(465)	57
Other operating expenses	(426)	(140)	(286)
Employee benefits	(13,593)	(14,058)	466
Operating Expenses and Headcounts	**(40,145)**	**(45,254)**	**5,108**

Consolidated operating expenses can be split into direct asset or project costs generating revenues ('Operation costs') for EUR 29.6 Million (EUR 30.1 Million in 2011) and general management or services expenses including run down activities in Germany ('Headquarter costs') for EUR 10.5 Million (EUR 15.3 Million in 2011). In H1 2012 headquarter costs represent 26% of operating expenses while they were representing 34% over H1 2011.

Employee benefits represent 34% of the Group operating expenses and by excluding hospitality activities this proportion goes down to 23%. As of June 2012 the total Group headcounts reached 1,285 employees compared to the 1,375 in June 2011. The increase by 259 employees compared to December 2011 is explained by the summer season in Hvar. Excluding seasonal employees, the headcount is decreasing by 65 employees over H1 2012.

Operations and headquarters expenses have reached heirs lowest level on the second trimester 2012 since March 2010 and it is expected that overheads shall further reduce over the coming quarters as the Company continues its cost cutting plan across the board.



5.2.4 Net gain or loss on disposal of assets

Assets and Activities were sold for a total consideration of EUR 93.9 Million generating a consolidated net gain of EUR 0.9 Million of which Przy Parku for EUR 1.3 Million, Café Placja for EUR 1.2 Million compensated by losses on the sales of Radio Free Europe for EUR 0.8 Million, Vinhorady for EUR 0.5 Million and Hüttenstrasse for EUR 0.4 Million and a net cash inflow of EUR 34.9 Million. Deferred payments for EUR 9.6 Million in the form of a USD 12 Million convertible bond related to Radio Free Europe are recognised in the balance sheet as financial assets available-for-sales.

5.2.5 Valuation adjustments and impairments

The net result from fair value adjustments on investment properties, as at June 2012, amounts to a loss of EUR 5.3 Million compared to a net loss of EUR 0.4 Million as at June 2011.

Valuation gains have been recognized on the best located assets as in Berlin with a total increase of EUR 5.2 Million (Franklinstrasse for EUR 1.0 Million, Helmholtz str. for EUR 0.9 Million, Reuchlin str. for EUR 0.7 Million, Schlesische str. for EUR 0.5 Million and Berlin Pankow for EUR 0.5 Million) and in the Prague surroundings with an increase of EUR 0.7 Million (Bellevue winter resort for EUR 1.3 Million), while buildings with low occupancy have seen their valuation go down as in Budapest with a total decrease of EUR 9.4 Million (Vaci 1 for EUR 4.3 Million, Paris Department Store for EUR 2.0 Million, Szervita for EUR 1.2 Million and Vaci 188 for EUR 1.1 Million).

At end of June 2012, amortizations, impairments and provisions amount to EUR 25.8 Million and are mainly explained by the impairments booked on Sky Office in Dusseldorf (EUR 13.6 Million), Koliba in Bratislava (EUR 2.1 Million), Mostecka in Prague (EUR 1.9 Million) and EUR 4.6 million of provisions mainly related to the Leipziger Platz sale.

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

	6 months to June 2012			6 months to June 2011		
	Revaluation	Impairment	Total	Revaluation	Impairment	Total
Germany	5,205	(13,750)	**(8,545)**	340	-	**340**
Czech Republic	749	(3,024)	**(2,275)**	962	(2,453)	**(1,491)**
Poland	(1,425)	(842)	**(2,266)**	(159)	-	**(159)**
Hungary	(9,367)	-	**(9,367)**	(1,493)	-	**(1,493)**
Slovakia	(775)	(2,080)	**(2,856)**	-	(1,571)	**(1,571)**
Luxembourg	310	-	**310**	-	-	**-**
Croatia	(4)	-	**(4)**	(1)	(2,747)	**(2,748)**
Total	(5,307)	(19,696)	**(25,003)**	(351)	(6,771)	**(7,123)**

5.2.6 Operating result

The operating result consists in a loss EUR 9.0 Million compared to a profit EUR 18.9 Million in 2011 over the same period. The drop in revenue is mainly explained by the decrease of the sales level in Land Bank and by an increase of the provisions and impairments recognized on the Commercial and Land bank activities.

5.2.7 Adjusted EBITDA[5]

The adjusted EBITDA amounts to EUR 21.2 Million as at 30 June 2012 compared to EUR 11.8 Million in 2011. The Positive evolution of the Adjusted EBITDA reflects the stronger decrease of operating expenses than decrease in revenue. The improvement of the adjusted EBITDA in the Development business line is driven by the Land Bank activity where the operating costs are decreasing. In the Property Investments business line, the decrease is operating expenses is coupled with the improved revenues from rents, fund management fees and hospitality revenue.

	Development	Property Investments	TOTAL
Operating Result 2012	**(22,654)**	**13,644**	**(9,010)**
Net gain or loss from fair value adjustments on investment property	(1,579)	6,888	5,309
Amortisation, impairments and provisions	23,676	2,130	25,806
Past valuation on goods sold	(61)	-	(61)
Net result on disposal of assets	(922)	37	(886)
Adjusted EBITDA 2012	**(1,540)**	**22,699**	**21,159**
Adjusted EBITDA 2011	**(2,944)**	**14,733**	**11,788**
Variation YoY	**1,404**	**7,966**	**9,371**

5.2.8 Financial result

In 2012, gross interest expenses recorded in the P&L reached EUR 39.6 Million compared with EUR 41.6 Million over the same period in 2011. Non cash interests on bonds are increasing by EUR 1.5 Million to EUR 20.8 Million. Interest on other long liabilities are decreasing by EUR 3.5 Million mainly as a result of loan repayment upon asset sales, decrease of penalty interest on Hvar liabilities and the decrease of short term interest rates.

Total or partial loan repayment upon asset and development sales account for EUR 1.3 Million in decrease of interest expenses, notably with the small assets sale in Berlin.

The on-going restructuring of the bonds issued by the Company is already partially recognized in the June accounts and notably regarding Orco Germany SA with the recognition of a gain corresponding of the difference between the fair value of the issued OCA (based on the value at the date of issuance of Company shares promised as repayment) and the book value of 85% of the bonds acquired by the Company as of June 2012. This gain, net of the refinancing costs and included in the other net financial results, amounts to EUR 32.8 Million. Other net financial results over the first half of 2012 also include the gains on interests rate swaps more than compensated by the valuation of the profit participation loan granted to the joint venture.

[5] 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.

ORCO
PROPERTY GROUP

The Interests Coverage Ratio (ICR) on bank interests amounts to 1.1 compared to 0.5 in June 2011.

Property Investments drives the improvement of the ICR from 0.8 in June 2011 to 1.6 in June 2012 explained by the increase of EUR 8.0 Million of adjusted EBITDA mainly resulting from the Radio Free Europe transaction and Endurance Fund contribution, the reduction of Hospitality costs and the decrease of interests bank loans linked to the loan redemption upon assets' sales especially in Germany. Despite the improvement of the adjusted EBITDA for EUR 1.1 Million ICR on bank interests of the development business line remains negative amounting to -0.4 compared -0.7 in June 2011.

The ICR on the total debt after approved restructuring of the bond debt should amount to 0.8 compared to 0.3 as at 30 June 2011.

5.3 Balance sheet

Assets	30 June 2012	31 December 2011
NON-CURRENT ASSETS	**1,127,374**	**1,190,417**
Intangible assets	**47,299**	**47,783**
Investment property	**805,576**	**872,316**
Property, plant and equipment	**154,572**	**156,865**
Hotels and owner occupied buildings	140,628	142,659
Fixtures and fittings	13,944	14,206
Financial assets at fair value through profit or loss	**45,754**	**46,787**
Financial assets available-for-sale	**9,596**	**-**
Non current loans and receivables	**64,577**	**66,666**
Deferred tax assets	**-**	**-**
CURRENT ASSETS	**494,986**	**511,956**
Inventories	381,206	382,279
Trade receivables	29,834	36,145
Other current assets	36,190	32,279
Derivative instruments	1	-
Current financial assets	244	29
Cash and cash equivalents	43,936	37,095
Assets held for sale	3,575	24,129
TOTAL	**1,622,360**	**1,702,373**

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

ORCO PROPERTY GROUP

5.4 Cash flow statement

	30 June 2012	30 June 2011
OPERATING RESULT	**(9,012)**	**18,904**
Net gain / loss from fair value adjustments on investment property	5,309	351
Amortization, impairments and provisions	25,806	3,585
Net result on disposal of assets	(886)	(11,052)
Adjusted operating profit / loss	**21,217**	**11,788**
Financial result	(833)	3,293
Income tax paid	(1,178)	(491)
Financial result and income taxes paid	**(2,011)**	**2,802**
Changes in operating assets and liabilities	**(8,215)**	**4,565**
NET CASH FROM /(USED IN) OPERATING ACTIVITIES	**10,991**	**19,155**
Capital expenditures and tangible assets acquisitions	1,595	(9,353)
Proceeds from sales of non current tangible assets (*)	93,906	105,321
Purchase of intangible assets	(191)	(28)
Purchase of financial assets	-	(1,520)
Loan repayment received from long-term receivables	1,747	-
NET CASH FROM INVESTING ACTIVITIES	**97,057**	**94,420**
Net issue of equity instruments to shareholders	-	-
Purchase of treasury shares and change in ownership interests in subsidiaries	-	(4,000)
Proceeds from borrowings	493	27,960
Net interest paid	(16,085)	(47,892)
Repayments of borrowings	(85,993)	(106,411)
NET CASH USED IN FINANCING ACTIVITIES	**(101,585)**	**(130,343)**
NET INCREASE/(DECREASE) IN CASH	**6,463**	**(16,768)**
Cash and cash equivalents at the beginning of the year (**)	37,095	53,439
Cash and cash equivalents at the beginning of the year of assets reclassified to assets held for sale	-	(1,905)
Exchange difference on cash and cash equivalents	377	434
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (**)	**43,936**	**35,200**

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

(**) Cash and cash equivalent referred to the note 9 of the Condensed consolidated interim information.

5.5 Transactions on treasury shares

As of 30 June 2012, the Company owns 270,915 treasury shares including the 9,761 OPG shares directly owned by the Company itself.

The table hereafter summarizes the transactions realized by the Company as of 30 June 2012 on its own shares:

	Acquisitions	Sales and commitments
Number of shares (% of total shares)	-	45,000 (14.24 %)
Total Price (EUR)	-	102,600
Average price per share (EUR)	-	2.28

5.6 Miscellaneous

5.6.1 Activities in the field of research and development

Not applicable

5.6.2 Financial Risks Exposure

For a thorough description of the principal risks and uncertainties, see notes 2.1, 3 and 4 to the year end 2011 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.

5.6.2.1 The Group is exposed to financing risk

Management is particularly focused on the refinancing of the GSG portfolio, with an existing loan of approximately EUR 286 Million to be repaid on 31 August 2012 as per the current standstill agreement, which the Group seeks to prolong. The loan does not benefit from a guarantee given by the Company. Negotiations are ongoing for the refinancing of the loan. Although these negotiations have substantially progressed, there remains a material uncertainty related to the short term ability to repay the current loan.

5.6.2.2 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. While the Company was under the jurisdiction of the Tribunal de Commerce de Paris pursuant to a Safeguard Procedure, such guarantees from the Company were not enforceable. 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.

5.6.2.3 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, none of the banks are accelerating the 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.

5.6.2.4 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.

5.6.2.5 Market risk

Foreign exchange risk

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), 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. Loans, operating income and - except in the development activities - sales of buildings are mainly denominated in Euro (EUR). The Group 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. 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.

Price risk

The Group is exposed to equity risks from Endurance Fund and Novy 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.

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.

5.6.2.6 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.

6 Table of location of EPRA indicators

7 Glossary

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 in the note 4.4.

EPRA Net Initial Yield

The annualised 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

A company's adjusted per-share NAV. Formula is available in the note 4.4.

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).

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

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