

ORCO GERMANY S.A.

Société Anonyme

R.C.S. Luxembourg B 102.254

INTERIM FINANCIAL INFORMATION AND REVIEW REPORT

OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

30 NOVEMBER 2011

42, rue de la Vallée

L-2661 Luxembourg

R.C.S. Luxembourg B 102.254

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

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Review report of the réviseur d'entreprises agréé

Introduction

We have reviewed the accompanying interim financial information of Orco Germany S.A. as at November 30, 2011 and for the period from January 1, 2011 to November 30, 2011 which comprises an interim balance sheet, an interim profit and loss account and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Luxembourg legal and regulatory requirements relating to the preparation of financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of our review

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

Basis for qualified conclusion

As detailed in notes 4.1 and 4.2 to this interim financial information, no impairment test on tangible and financial assets has been performed as at November 30, 2011. Value adjustments determined as at December 31, 2010 have consequently been maintained in this interim financial information.

Qualified conclusion

Based on our review and except for the potential consequences of the preceding paragraph, if any, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of Orco Germany S.A. as at November 30, 2011 and of its financial performance for the eleven-month period then ended in accordance with legal and regulatory requirements in force in the Grand-Duchy of Luxembourg.

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

H.R.T. REVISION S.A.

Réviseurs d'entreprises agréés



Brigitte DENIS

Strassen, January 10, 2012

ORCO GERMANY S.A.
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INTERIM BALANCE SHEET
30 November 2011
(expressed in EUR)

A S S E T S	2011	2010
FIXED ASSETS	154,772,053	162,386,847
Tangible assets (note 3)		
Land and buildings	5,561,196	5,570,000
Financial assets (note 4)		
Shares in affiliated undertakings	76,378,888	76,378,888
Loans to affiliated undertakings	72,831,969	80,437,959
CURRENT ASSETS	10,525,524	9,617,261
Inventories	-	10,479
Trade debtors	523,272	1,123,417
Amounts due by affiliated undertakings	8,659,388	7,609,057
Other debtors	307,946	109,454
Other transferable securities (note 5)	248,832	27,288
Cash at banks and in hand	786,086	737,566
PREPAYMENTS AND ACCRUED INCOME	210,052	598,526
TOTAL ASSETS	<u>165,507,629</u>	<u>172,602,634</u>
L I A B I L I T I E S		
CAPITAL AND RESERVES	(14,607,722)	(7,318,575)
Subscribed capital	60,964,166	60,964,166
Share premium account	123,657,606	123,657,606
Loss brought forward	(191,940,347)	(158,193,324)
Loss for the financial year	(7,289,147)	(33,747,023)
PROVISIONS FOR LIABILITIES AND CHARGES	26,061,572	25,800,507
Provisions for taxation	88,335	89,255
Other provisions	25,973,237	25,711,252
CREDITORS	154,053,779	154,120,702
Bonds		
due and payable within one year	1,992,991	2,328,494
due and payable after more than one year	100,100,052	100,100,052
Amounts owed to credit institutions (note 6.1)		
due and payable within one year	122,000	122,000
due and payable after more than one year	5,398,500	5,490,000
Trade creditors (due and payable within one year)	803,763	777,876
Amounts owed to affiliated undertakings (note 6.2)		
due and payable within one year	1,553,322	1,363,252
due and payable after more than one year	43,700,790	43,555,877
Tax and social security payable (due and payable within one year)	340	340
Other creditors (due and payable within one year)	382,021	382,811
TOTAL LIABILITIES	<u>165,507,629</u>	<u>172,602,634</u>

ORCO GERMANY S.A.
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INTERIM PROFIT AND LOSS ACCOUNT
For the period from January 1, 2011 to November, 30 2011
(expressed in EUR)

C H A R G E S	2011	2010
Consumptions and charges	2,506,708	3,009,689
Value adjustments		
In respect of tangible fixed assets	8,803	665,463
In respect of current assets	1,522,798	481,313
Other operating charges	-	371,602
Value adjustments in respect of financial assets and of transferable securities held as current assets	-	11,322,127
Interest payable and similar charges		
Affiliated undertakings	1,900,973	3,236,025
Other interest payable and similar charges	4,460,018	30,523,516
Loss on disposal of properties	-	532,962
Extraordinary charges (note 7)	11,614,420	218,027
Other taxes	187,922	104,174
TOTAL CHARGES	<u>22,201,642</u>	<u>50,464,898</u>
I N C O M E		
Net turnover	254,331	484,822
Other operating income	15,549	106,771
Income from participating interests		177,505
Income from securities and loans	4,948,295	704,445
Other interest receivable and similar income		
Affiliated undertakings	9,666,094	12,151,761
Other interest receivable and similar income	28,226	2,810,472
Gain on disposal of properties	-	282,099
Loss for the financial year / period	7,289,147	33,747,023
TOTAL INCOME	<u>22,201,642</u>	<u>50,464,898</u>

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NOTES TO THE INTERIM FINANCIAL INFORMATION
30 November 2011

NOTE 1 - GOING CONCERN

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

The financial performance of the Group is naturally dependent upon the wider economic environment in which the Group operates. It should be noted that the real estate market in Berlin environment has generally improved over the last 18 months but the financing conditions have tightened.

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

- The Group is faced with liquidity issues that may put at risk the integrity and value of its portfolio, the management team is implementing a restructuring plan focused on cash generation, restoring of the global loan to value ratio at an affordable level. The actions include selling non-core businesses, renegotiation of existing bank loans and improving margins through a cost reduction programme (reduction of opex and capex). In order to build a sustainable free cash flow producing business the ambitious restructuring program was accelerated. Reorganisation, cost cutting and redundancies led to the closure of all branches outside of Berlin, to the savings of headquarter costs as well as to efficiency gains in our core business Orco-GSG. Would the measures taken not continue to be sufficiently effective, the Group might be faced with negative net cash flow.
- The amount of short term financing has significantly increased over the period mainly as a result of the approaching maturity of major loans and bonds. The Management is particularly focused on the challenging refinancing of both the GSG portfolio, with an existing loan of EUR 300 Million to be repaid in April 2012, and of Bonds issued by Orco Germany to be repaid in May 2012 for a nominal amount of EUR 100 Million, plus coupon of 4 Million and potentially a reimbursement premium of EUR 25 Million. The GSG portfolio bank financing does not benefit from any guarantee given by the Company. Negotiations are ongoing with different banks which might lead to putting in place up to three financing lines to refinance partly or wholly the existing EUR 300 million, dividing the GSG portfolio into up to three groups of coherent assets. Orco Germany's major shareholder Orco Property Group has reached an agreement with a majority of the Orco Germany's bondholders, whereby it was agreed, subject to compliance with law and regulatory approvals, that all 148.077 Orco Germany bonds (the "OG Bonds") due May 30, 2012 and valued at app. EUR 129,1 Million will be converted into 148.077 new convertible bonds issued by Orco Property Group (the "Orco Property Group Convertible Bonds").

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NOTES TO THE INTERIM ACCOUNTS
30 November 2011
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NOTE 1 - GOING CONCERN (continued)

The Orco Property Group Convertible Bonds will be converted in two tranches: the first tranche amounting to app. EUR 79,1 Million is scheduled to be converted into new 19.250.010 Orco Property Group shares on or around January 31, 2012 at a conversion price of EUR 4,11 per share. The second tranche, amounting to app. EUR 50 Million will bear a gross annual coupon of 0,01% which will be paid on April 15, 2012. If and provided that certain deleveraging conditions are fulfilled by Orco Property Group on April 12, 2012, the second tranche will be converted into additional new 7.996.158 Orco Property Group shares at a price of EUR 6,25 per share. If certain deleveraging conditions are not fulfilled by Orco Property Group by April 12, 2012, Orco Property Group will have the discretion to reimburse the second tranche in cash of EUR 337,66 per one Orco Property Group Convertible Bond for a total cash payment of app. EUR 50 Million. Otherwise, the holders of the Orco Property Group Convertible Bonds will make the decision by a 50% +1 majority to convert the second tranche into (i) either 54 shares of Orco Property Group per one Orco Property Group Convertible Bond, that is 7.996.158 new Orco Property Group shares at a price of EUR 6,25 per share, or (ii) a number of shares equivalent to 55% of the fully diluted capital of Orco Germany, after conversion of the OG Bonds to be held by Orco Property Group into shares of Orco Germany.

- The credit line financing the Sky Office development is due by the end of June 2012. As this loan has been prolonged at various occasions over the last years, the management is confident in its capacity to either repay the loan upon sale of the asset or prolong the existing credit line.

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

NOTE 2 - ACCOUNTING PRINCIPLES

This interim financial information is established according to the same accounting principles for the annual accounts as at year-end 2010 except as mentioned under note 4.

NOTE 3 - TANGIBLE ASSETS

Tangible assets owned by the Company consist of one real estate property, located in Berlin (Germany), Kurfürstendamm.

The building was subject to an external valuation in the beginning of 2011. The amount retained in this interim financial information reflects this valuation minus additional depreciation. No new external evaluation has been performed since that date.

NOTE 4 - FINANCIAL ASSETS

4.1. Shares in affiliated undertakings

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

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

4.2. Loans to affiliated undertakings

Loans to affiliated undertakings have no set maturity dates and are remunerated at an interest rate of 8%.

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

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NOTES TO THE INTERIM ACCOUNTS
30 November 2011
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NOTE 5 - TRANSFERABLE SECURITIES

The Company holds transferable securities of Deutsche Reit AG, bonds issued by its parent company ORCO PROPERTY GROUP S.A. and to a limited extent own shares.

The securities are valued on the basis of the latest available market price.

NOTE 6 - CREDITORS

6.1. Amounts owed to credit institutions

Amounts owed to credit institutions are specified in the table below:

Financed property	Lending bank	Original loan amount	Outstanding loan amount as at 30.11.2011	Annual interest rate	Maturity date
		EUR	EUR		
Kurfürstendamm 102	Berlin Hyp	6,100,000	5,551,000	EURIBOR 3 months + 1%	28.12.2016

6.2. Amounts owed to affiliated

Amounts owed to affiliated undertakings consist of advances received from the parent company, Orco Property Group S.A., GSG Gewerbesiedlungs GmbH and Orco Projektentwicklung GmbH including accrued interest payable at rates of 8%. These loan agreements are expiring by 31 December 2020.

NOTE 7 – EXTRAORDINARY CHARGES

The amount of EUR 11,614,420 results from the transaction Leipziger Platz (sale of a development project) and includes M€ 6,3 as earn-out clause and M€ 5,3 as loss on the assignment of loan.