

To the Shareholders of
Orco Property Group , Société Anonyme
42, rue de la Vallée
L-2661 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated 28 April 2011, we have audited the accompanying consolidated financial statements of Orco Property Group, Société Anonyme (“Orco Property Group”, the “Company” or the “Group”) which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Orco Property Group, Société Anonyme as of 31 December 2012, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

Going concern

We draw your attention to note 2.1.1 to the consolidated financial statements which describes the basis upon which the Board of Directors has deemed it appropriate to utilise the going concern assumption in its preparation.

i) Short term funding

As at 31 December 2012, a number of entities within the Group require funding to continue in operation as a going concern. In determining the appropriateness of the going concern assumption, the Board of Directors has built a cash flow forecast, covering the twelve month period from 31 December 2012, which integrates the possibility of raising funds through the sale of certain real estate asset sales and/or proceeds from the disposal of financial assets or investments in listed subsidiaries. The cash flow forecast anticipates the capacity of the Group to finance its needs even though its situation remains fragile as indeed its investment strategy depends largely on financial assets sales in order to cover the cash needs of the major on-going developments. If such sales are not completed, certain capital expenditures, which have not yet been approved by Investment Committee of the Group, and project expenses, could be postponed or cancelled.

ii) Outstanding debt service obligations and short-term financing

As at 31 December 2012, the Group has substantial outstanding debt service obligations, including a significant amount of short term financing amounting to EUR 224 million. A significant portion of such financing is classified as short-term as a consequence of covenant breaches and pending negotiations with credit institutions.

A significant number of subsidiaries and joint ventures included within the accompanying consolidated financial statements require funding to continue in operation as a going concern. The Board of Directors has determined that; considering that all individual amounts due to credit institutions are structured in such a fashion that the consequence of each single default would solely impact distinct real estate assets provided as collateral; the eventuality that a subsidiary is unable to continue in operation as a going concern should not have a direct impact on the Group's ability to continue in operation as a going concern. Moreover, in the eventuality that a guarantee granted prior to the opening of the Safeguard procedure is exercised further to an unsuccessful financing negotiation, this would not have a short term impact on the Group's cash flows as repayment would occur in accordance with the Safeguard Plan approved in May 2010 and amended in May 2012.

The Board of Directors and the management are actively working on negotiating with the financing banks in order to either prolong the short term loans or solve the covenants breaches that result in their classification as current.

The Group's ability to continue in operation as a going concern is primarily dependent upon:

- i) the ability of the Group to meet its cash flow forecast including the realisation of its underlying assumptions such as the successful sale of certain real estate assets and/or the realisation of proceeds from the disposal of financial assets or investments in listed subsidiaries as well as the possibility to postpone or cancel certain investments in capital expenditures and project expenses;
- ii) the successful completion of the aforementioned negotiations which are currently underway with the financing banks.

The matters described above, together with the other elements described in note 2.1.1. in the accompanying consolidated financial statements are indicative of the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

In the event that the matters referred to above would not be resolved satisfactorily, the consolidated financial statements would have to be prepared on a break-up basis of accounting with impacts on the valuation, classification of assets and liabilities and the disclosures, the effects of which cannot be estimated at present.

Our opinion is not qualified in respect of this matter.

Corrections of errors

- i) We draw your attention to note 2.1.3.4 to the consolidated financial statements which describes a correction to a classification error in the Group's previous consolidated financial statements. The participation of the Group in Sub-fund "Office I" of Endurance Real Estate has historically been classified within "Financial assets at Fair Value through Profit and Loss"; whereas it should have been classified as an "Investment in equity affiliates". In application of IAS 8, this correction of error has been retrospectively applied to the comparative figures as at 31 December 2011. There is no adjustment that is necessary to equity or net result for any period presented.
- ii) We draw attention to note 2.1.3.5 to the consolidated financial statements which describes adjustments in relation to an impairment on a trade receivable amounting to EUR 4 million, that were applied to amend certain comparative figures presented in the opening balance of assets, liabilities and equity, as a consequence of an error identified in relation to a period that precedes the earliest prior period presented. Such adjustment has no impact on the net result for any period presented.

Our opinion is not qualified in respect of these matters.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

The Corporate Governance Statement included in the consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law.

For Deloitte Audit, *Cabinet de révision agréé*



Christiane Chadoeuf, *Réviseur d'entreprises agréé*
Partner

April 10, 2013