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**ORCO PROPERTY GROUP**

(incorporated as a société anonyme (Joint Stock Company) under the laws of the Grand Duchy of Luxembourg; registered with the Luxembourg Registre de Commerce et des Sociétés under number B44.996)

share code: ISIN: LU0122624777, Common Code: 012262477

(“ORCO” or the “Company” or the “Group”)

**ORCO LAUNCHES A CAPITAL INCREASE AND PLANS TO APPLY FOR ADDITIONAL LISTINGS IN WARSAW AND BUDAPEST**

ORCO launched today a capital increase through a private placement to institutional investors of new ORCO ordinary shares (“New Shares”). The Company aims to raise up to 1,304,348 New Shares (the “Capital Increase”). The Capital Increase will be undertaken in compliance with Regulation S of the U.S. Securities Act of 1933, as amended.

The Capital Increase will take place at a price to be established through a bookbuilding process which will be conducted by Citigroup Global Markets Limited (“Citi” or “Bookrunner”) as Bookrunner. Wood & Co. has been appointed as Co-Lead Manager of the offering and Dom Maklerski Banku Handlowego, a member of Citigroup, (“DMBH”) will act as a agent in Poland. Bookbuilding will begin on 4<sup>th</sup> June 2007 and pricing is currently expected to be announced on 14<sup>th</sup> June 2007. The maximum offer price will be the highest euro or euro equivalent final quoted stock price on pricing date of the shares on Eurolist by Euronext Paris or the main market of the Prague Stock Exchange. The timing of the closing of the book, pricing and allocations may be amended at the absolute discretion of the Company and the Bookrunner.

In addition, ORCO has granted an option to cover over-allotments (the “Over-allotment Option”) to the Bookrunner, pursuant to which ORCO may issue up to 15% of additional New Shares (the “Over-allotment Shares”) of the number of shares placed as part of the Capital Increase. The Over-allotment Option is exercisable at Citi’s discretion within 30 days from the date of announcement of the offer price.

Application will be made for the New Shares to be admitted to trading on Eurolist by Euronext Paris and for the entire authorized share capital of ORCO to be admitted to trading on the Prague, Warsaw and Budapest Stock Exchanges.

The Warsaw and Budapest listings are intended to attract Polish and Hungarian institutional investors as well as new international investors. Following the Capital Increase, ORCO will be the only company to be listed on three of the main Central European stock exchanges (Prague, Warsaw and Budapest) - the markets that represent a significant share of ORCO’s real property portfolio.

Commenting on the proposed transaction, Jean-François Ott, the Chief Executive Officer of ORCO, said: “The capital increase will allow us to expand our portfolio further in the fast growing real estate market of Central Europe, and we hope that it will allow investors from that region to participate in the future of ORCO”.

Orco Property Group is a leading investor, developer and asset manager in the Central European real estate and hospitality market, currently managing assets of approximately EUR 1.3 billion as estimated at 31/12/2006. Operating in Central Europe since 1991, Orco Property Group is a public company, based in Luxembourg, and listed on Eurolist by Euronext Paris and the main market of the Prague Stock Exchange. Orco Property Group's portfolio includes, IPB Real, MaMaison Hotels & Apartments, Orco Real Estate, and other retail properties. Orco Property Group operates in a number of countries including, mainly, the Czech Republic, Hungary, Poland, Russia, Croatia, Germany and Slovakia. Orco Property Group is continually analyzing investment into new territories. Orco Property Group is also sponsor and manager of the Endurance Real Estate Fund for Central Europe (The Endurance Fund), a Luxembourg-regulated, closed-end umbrella fund whose total subscribed capital represents EUR 141.6 million, and which currently manages assets of approx. EUR 180 million appraised value. Estimated total value of the Fund's portfolio after investment of full subscribed capital is ca. EUR 500 million. The Endurance Fund is dedicated to institutional investors and focuses on acquisitions in Central European real estate markets.

Further information on the Company can be obtained on the Company's website, at [www.orcogroup.com](http://www.orcogroup.com).

Citi is acting as sole global co-ordinator, sole bookrunner and stabilising manager in the Capital Increase.

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