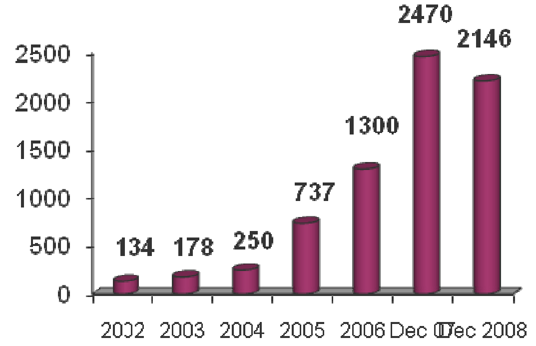
Non audited Full year 2008 results

May 2009

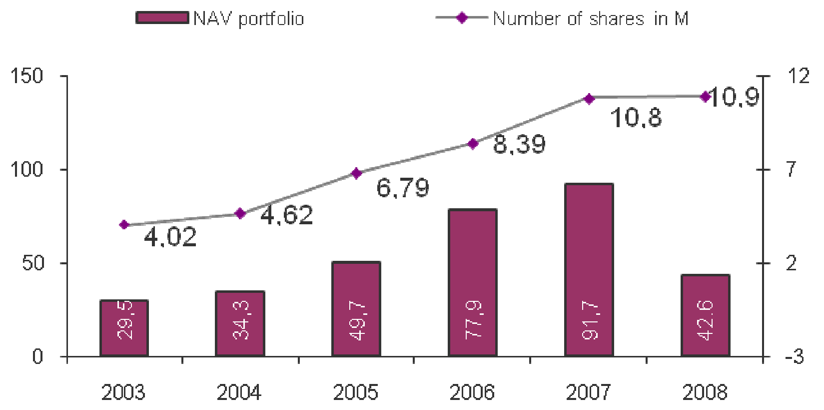
Unaudited accounts 2008

Orco portfolio – a total value of € 2.2 Billion

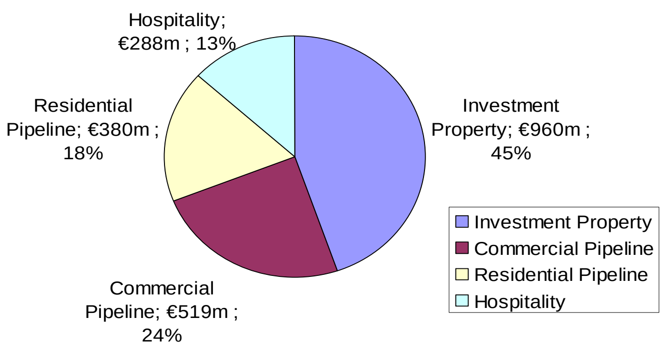
Consolidated Portfolio valuation
(in € M, June 2008)



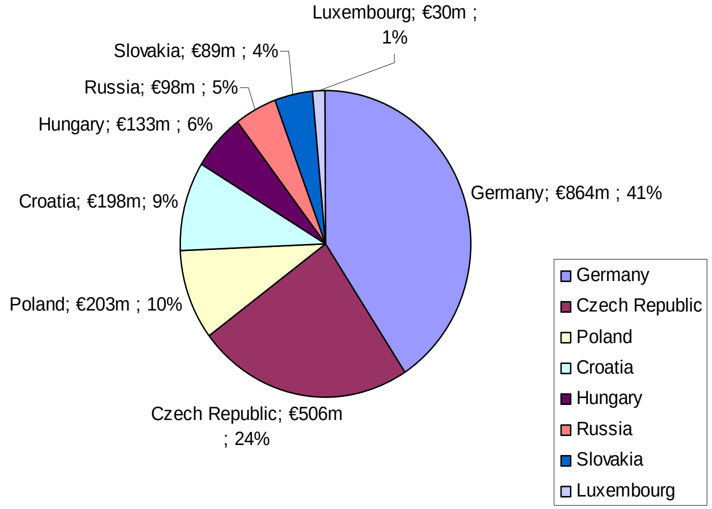
NAV per share
(in €, Dec 2008)



Breakdown of Portfolio valuation by type
(total sqm 2,146 M)



Breakdown of Portfolio valuation by geography
(total sqm 2,146 M)



Unaudited Income Statement

Comments

- The board of OPG has decided to release unaudited figures that have been prepared under the going concern assumption in order to inform on the operating, financial performance and situation of the group as at December 2008.
- The group is currently preparing a cash flow forecast with sauvegarde assumptions in order to demonstrate that the going concern conditions are appropriate. Without going concern, all assets and liabilities would be valued as if they were to be sold immediately and all figures would accordingly be adjusted compared to what was published.
- Full audited results are planned for 2nd half of May, upon receipt of the auditor's report

Profit & Loss Statement

	December 2008	December 2007
Revenue	**299,926**	**299,229**
Net gain/(loss) from fair value adjustments on investment property	-216,951	147,376
Other operating income	6,195	3,718
Net gain/(loss) on disposal of assets	-1,060	27,160
Cost of goods sold	-127,762	-147,833
Employee benefits	-59,342	-58,198
Amortisation, impairments and provisions	-188,517	-17,027
Other operating expenses	-99,260	-77,321
Operating result	**-386,771**	**177,104**
Interest expenses	-74,719	-66,345
Interest income	10,110	8,911
Foreign exchange result	-21,194	-5,662
Other net financial results	-41,839	-10,763
Financial result	**-127,642**	**-73,859**
Profit/(loss) before income taxes	**-514,413**	**103,245**
Income taxes	50,595	-2,341
Net profit/(loss)	**-463,818**	**100,904**
Attributable to minority interests	-73,258	13,396
Attributable to the Group	**-390,560**	**87,508**
Basic earnings in EUR per share	-36.94	9.15
Diluted earnings in EUR per share	-36.94	8.53

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Sales update

Turnover per segment & country

	Development	Management services	Hospitality	Renting	Inter-segment eliminations	TOTAL
Czech Republic	60,5	4,6	8,6	24,5	-6,6	**91,6**
Germany	27,5			54,8	-4,5	**77,8**
Poland	40,1		5,2		-0,1	**45,2**
Croatia	0,2		18,2		-0,1	**18,3**
Hungary	22,9		1,8	6,2	-0,1	**30,8**
Slovakia	5,1		0,6			**5,7**
Russia	0,2		3,4	24,1	-0,1	**27,6**
Luxembourg	1,0	14,6		2,0	-2,2	**15,4**
Inter-geographical area eliminations	-0,4	-3,0	-0,1	-0,2	-8,8	**-12,5**
TOTAL	**157,1**	**16,2**	**37,7**	**111,4**	**-22,5**	**299,9**

Comments

- Residential dev: € 157,1 Million. 764 units have been delivered in 2008 vs 1503 units in 2007 (Kosik at 50%)
  - 396 units in the CZ Rep, in Poland, 315 units and in GR, 45 units
- Rental revenues amounted to € 111.4 Million in 2008 compared to € 66,1 Million in 2007
- Hospitality revenues were € 37,7 Million in 2008 vs € 42,9 Million en 2007
- Asset Mgt: €16,2 Million, much below our estimate vs € 15.9 Million en 2007

ORCO PROPERTY GROUP

Fair value adjustments

- **Non cash fair value adjustments amount to € 216,9 Million and amortization, impairments and provisions amount to € 188,5 Million**
  - These elements are non cash
  - Increase of risk premium on buildings under construction and prelease profile
  - Yield shift linked to real estate market conditions

- **The upside at delivery remains high**
  - **Paris Department Store** : in the December value, the lease agreement obtained with a book store had not yet occurred. Therefore, the management considers that the next valuation to come in June should take into account the higher level of visibility provided by this agreement. (Valuation in December 2007 of € 19.0 million increased by investments of 7.3 million in 2008 lead to an impairment of € 2.5 million)
  - Concerning **ORCO GSG**, the increase in exit yields and capitalization rates over one year used by the expert was more than compensated by the improvement of the operating profitability. As of December 2008, the GSG portfolio was valued at € 475 Million (Acquisition price : € 375 Million, December 2007's value : € 437 Million, June 2008's value : € 508 Million)
  - Finally, the market's attractivity of Moscow was strongly reduced, hence affecting Molcom's valuation which dropped - from € 92,1 to € 46,1 Million. - excluding the new warehouse currently under development (valued at € 7,8 Million) : a combination of yield and currency effects

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Adjusted EBITDA

Adjusted EBITDA

December 2008	Development	Management services	Hospitality	Leasing	Inter-segment	TOTAL
OPERATING RESULT	**-219 799**	**7 532**	**-42 072**	**-132 373**	**0**	**-386 771**
Net result from fair value adjusment on investment property	123 286	0	25 813	67 851	0	**216 951**
Amortization, impairments and provisions	75 494	96	12 687	100 240	0	**188 517**
Correction of cost of goods and assets sold	7 659	0	783	38 798	0	**47 240**
AJUSTED EBITDA	**-13 360**	**7 628**	**-2 789**	**74 517**	**0**	**65 936**

Comments

- € 65,9 Million vs € 67,3 Million in 2007.
- Developments' adjusted EBITDA is negative at €-13 Million. This figure should not hide the maintained operating margin on delivered projects in a range of 18 to 20%.
- The renting adjusted EBITDA amounts to € 75 Million in 2008 vs € 31 Million in 2007. This strong increase is mainly linked to the full integration and operating performance of ORCO-GSG and Molcom.
- The hospitality adjusted EBIDTA comes at € -3 Million in 2008 vs €11 Million in 2007. The negative contribution of Hvar is no longer compensated by the positive contribution of the historical Central European portfolio as 50% has been sold to AIG hospitality fund in November 2007.

Financial result

Financial result : € -132 Million vs € 73 Million in 2007

- Interest expenses amount to € 74,7 in 2008 vs € 66,3 Million in 2007
  - higher level of debt linked to the increase of development financing where higher interest margins are applied by banks to reflect a higher level of risk.
- Interest income amounts to € 10,1 Million vs € 8,9 Million in 2007.
  - The improvement of cash management has enabled the group to generate a better profitability from its cash even though, in absolute terms, the cash position of the group has decreased over the period.
- Other Net Financial results amount to € -41,8 Million vs € -10,7 Million in 2007.
- Change in the fair value of derivative instruments essentially relates to movements in fair value of derivative instruments linked to bonds and in fair value of other derivatives (Interest Rate Swaps, options and forwards). This also includes the higher fair value losses of interest rate swaps given interest rates and currencies evolution. They amount to €-24,9 Million in 2008 vs €-7,7 Million in 2007.
- Fair value and realized gains or losses on other financial assets essentially relate to financial assets valued at fair value through profit and loss adjustments (investment in Endurance Fund compartments), and to short term trading instruments within the treasury management (loss on the investment into Les Nouveaux Constructeurs and in Novy Capital Fund). They amount to €-13,8 Million in 2008 vs €-3,9 Million in 2007.

ORCO PROPERTY GROUP

Balance Sheet : Assets

Comments

- **Investment properties :** decrease is not only linked to valuation drop but to the start of constructions in 2008 (Vaci One for ex) & disposal program effects
- **Inventories increase :** strong increase in inventories to € 530 Million (vs € 324 Million in 2007) illustrates the group's efforts to maintain capex on commercial and residential buildings which will generate turnover in 2009 and in 2010.
- **Properties under development** : commercial capex for future investment properties
- **Cash & Cash equivalents** : As of December 2008, the cash and cash equivalents consist of short term deposits for € 17.1 Million (€ 81.1 Million in 2007), cash in bank for € 66.5 Million (€ 176.6 Million in 2007) and cash in hand for € 0.2 Million (€ 0.3 Million in 2007).
- **Cash** in bank includes restricted cash (€ 55.0 million)

Assets

	December 2008 Closing balance	December 2007 Opening balance
NON-CURRENT ASSETS	**1 710 798**	**2 147 468**
Intangible assets	**57 074**	**67 016**
Investment property	**1 211 718**	**1 564 947**
Property, plant and equipment	**363 973**	**419 575**
Hotels and own-occupied buildings	245 273	294 170
Fixtures and fittings	19 027	21 036
Properties under development	99 673	104 369
Financial assets	**70 681**	**82 182**
Deferred tax assets	**7 352**	**13 748**
CURRENT ASSETS	**755 124**	**795 795**
Inventories	529 827	323 699
Trade receivables	36 962	64 891
Other receivables	97 248	115 610
Derivative instruments	5 098	22 396
Current financial assets	2 190	11 222
Cash and cash equivalent	83 799	257 977
TOTAL ASSETS	**2 465 922**	**2 943 263**

ORCO PROPERTY GROUP

Balance Sheet : Liabilities

Comments

- **Decrease in equity linked to loss of € 390 Million**
- **As at December 08, gross financial debt amounts to € 1.619 bn:**
- Cost of debt including hedging : 4.23%
- The other non-current borrowings relate mainly to 50% of the equity loan granted to Hospitality Invest S.à r.l. by AIG, the joint-venturer.
- The group's debt is hedged at 93,0% of the non-current floating rate borrowings (in 2007 : 70,1%) and 54,9% of the current floating rate borrowings (in 2007 : 43.7%).
- Bank loans include amounts secured by a mortgage on properties (and/or a pledge on the shares of the companies benefiting from the loan) for € 1.087 billion (€ 967,1 million as at 31 December 2007).

Liabilities

	December 2008 Closing balance	December 2007 Opening balance
EQUITY	**427 663**	**939 835**
Shareholder's equity	306 445	736 012
Minority interest income	121 218	203 823
LIABILITIES	**2 038 259**	**2 003 428**
Non current liabilities	**1 300 462**	**1 343 843**
Bonds	429 437	472 812
Financial debts	826 483	831 724
Derivative instruments	14 917	21 153
Provisions & other long term liabilities	29 625	18 154
Deferred tax liabilities	**167 904**	**243 940**
Current liabilities	**569 893**	**415 645**
Financial debts	309 836	175 216
Trade payables	59 518	50 220
Advance payments	61 120	101 678
Other current liabilities	101 037	83 659
Derivative instruments	38 382	4 872
TOTAL EQUITY AND LIABILITIES	**2 465 922**	**2 943 263**

ORCO PROPERTY GROUP

Loan to Value: 67%

- **A loan to value at 67.2%**
  - Net Debt: € 1,479billion
  - Portfolio valuation: € 2,2 billion vs. € 2,5 billion in December 2007
- The deterioration of the Loan To Value at 67,2% is explained by both
  - a decrease in portfolio valuation to € 2,2 billion vs. € 2,4 billion in December 2007
  - and an increase of the net debt to € 1,480 billion vs. € 1,211 billion in 2007.
    - The drop in portfolio's value is explained by the valuation decrease posted by the valuers
    - but also by the 2007 asset sales program. €186 Million of assets were indeed sold at 96% of DTZ value (as at December 2007, at valuation's peak) and €100 Million of cash was generated.
- The sauvegarde objective is to restructure all the liabilities of the group whether bonds at the mother company level or bank loans at the subsidiary level.
- **The target of the restructuring is to reduce the Loan To Value ratio to the group's target to less than 50%.**

ORCO PROPERTY GROUP

Bank financing

Maturity of debt, in K€

Borrowings in € thousands

At 31 December 2008	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
Non-current					
Bonds	-	**45 488**	**241 232**	**142 717**	**429 437**
Convertible bonds	-	-	135 044	-	135 044
Exchangeable bonds	-	-	19 395	-	19 395
Fixed rate bonds	-	45 488	86 793	142 717	274 997
Financial debts	-	**175 918**	**408 443**	**242 122**	**826 483**
Bank loans	-	175 918	406 533	210 967	793 418
Fixed rate	-	10 073	23 969	19 887	53 929
Floating rate	-	165 845	382 564	191 081	739 490
Other non-current borrowings	-	-	1 910	30 029	31 939
Finance lease liabilities	-	-	-	1 126	1 126
Total	-	221 406	649 675	384 839	1 255 920
Current					
Bonds and financial debts					
Floating rate bonds	11 075	-	-	-	11 075
Bank loans fixed rate	13 658	-	-	-	13 658
Bank loans floating rate	279 504	-	-	-	279 504
Others borrowings	5 598	-	-	-	5 598
Total	309 836	-	-	-	309 836

Comments

- **A portfolio of 143 loans : a diversified risk**
- **€ 310 M out of which bank debt of € 293 M**
- **Already renegotiated about € 100 Million**
- **Working with banks to adapt financing to market conditions : this on going process is amplified by safeguard**

ORCO PROPERTY GROUP

NAV : Real Estate approach

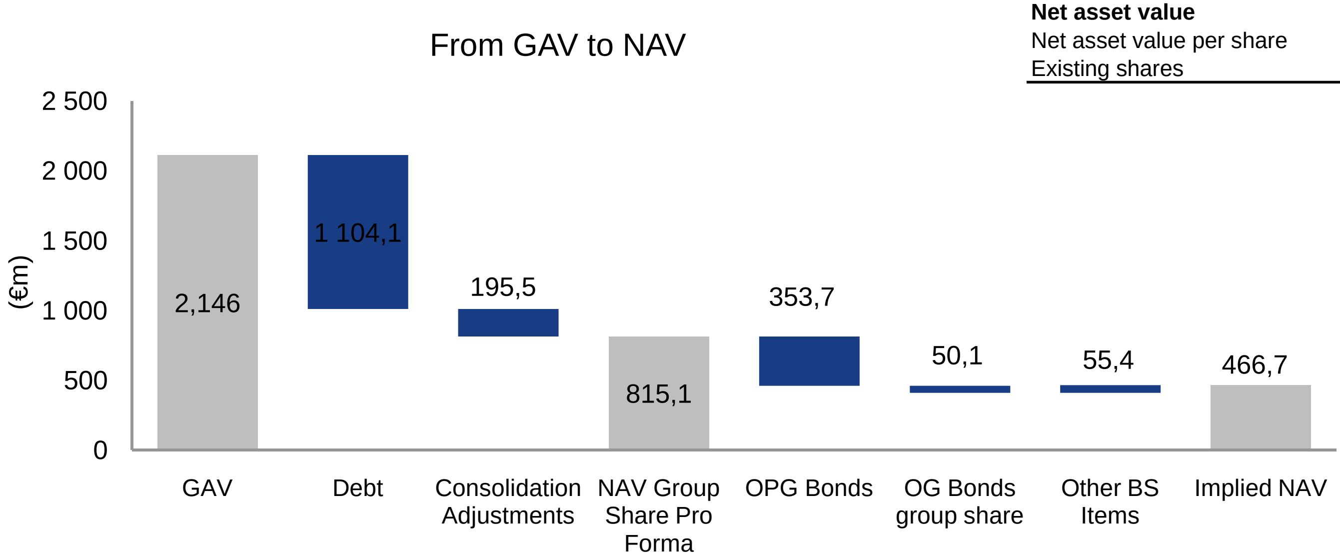
Comments

The values of the project management company, of the management company of the Endurance fund, of the hospitality management company and of the property & management company are not taken into account

Real Estate Net Asset Value

In € Thousands	December 2007	December 2008
Shareholders' equity	**736 012**	**306 445**
Fair value adjustments on invest. Portfolio	6 483	374
Fair value adjustments on retail Pipeline	3 575	11 708
Fair value adjustments on resid. Pipeline	56 916	18 516
Fair value adjustments on com. & office Pipeline	11 488	-32 532
Fair value adjustments on hotels	23 148	45 944
Deferred taxes on revaluations	164 077	141 356
Goodwills	-36 109	-29 305
Own equity instruments	27 800	4 190
Net asset value	**993 390**	**466 696**
Net asset value per share	91,67	42,64
Existing shares	10 837	10 944

€ millions



ORCO PROPERTY GROUP

Strategy update

What a safeguard procedure will allow us to achieve?

- Orco Property Group's board of directors has decided to apply for the company to benefit from a Court Protection from creditors : *Procédure de Sauvegarde*
- **Safeguard gives the best frame to the current management**
  - To accelerate the restructuring plan
  - To preserve unity and value of the Group's (stakeholders and assets)
- **Safeguard allows to leverage court protection from creditors**
  - Shield OPG from bond holders and set stage for negotiations with banks
  - Shield OPG from enforcement of bank loan guarantees at SPV level

Sauvegarde restructuring plan to ensure continued control of OPG on its business and subsidiaries

ORCO PROPERTY GROUP

Safeguard procedure to implement strategic plan

Judgment from Paris Commercial Court of March 25th

Principles:

- A *Procédure de Sauvegarde* is a French legal provision that enables a company which Centers of Decisions and Main Interests are located in France, to pursue operations while protecting its business from creditors' claims for a limited period of time to allow it to complete its restructuring plan
- It covers ORCO Property Group S.A., the Group's parent company, and Vinohrady S.à r.l., a French subsidiary
- It is reserved for companies who can demonstrate they are solvent (no "cessation de paiement")
- It does not affect the management's authority
- It was granted for a period of 6 months. This period can be extended for six months to one year

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What a safeguard procedure will allow us to achieve?

Safeguard allows :

- To preserve unity and value of the Group's asset with continuity of actions of the current management
- To open discussions with creditors and financial partners
- To accelerate the restructuring plan
- To ensure business as usual for all employees and providers
- It gives the best condition for the current management to pursue its efforts to restructure the company financially and operationally

During the procedure :

- An insolvency judge (*juge commissionaire*) overseas the whole procedure
- Me Le Guernevé has been appointed as trustee (*administrateur*). He supervises and assists the management to prepare a safeguard plan (*plan de sauvegarde*).
- A court agent (*mandataire judiciaire*) represents the creditors' interests and assesses proofs of claim.

Sauvegarde procedure give us the time and frame to accelerate the restructuring and operational plan

Shaping a restructuring plan

- All company assets have been categorized according to the following criteria
  - Strategic vs non strategic
  - Cash generating vs cash consuming
  - LTV vs value preservation

- The 4 categories of projects :

1) Core Investment Properties and Developments (cash flow producing)
   - Continue initial strategy
2) Core Developments (cash flow consuming)
   - Negotiate with banks, contractors and equity partners additional financing allowing completion
3) Non core for disposal Properties, lands , developments and ventures
   - Orderly Disposal during and after sauvegarde
4) Non core Investment properties (negative cash flow, high LTV)
   - Heavy restructuring with banking partners

Plan focuses on those assets where value can be unlocked and ignores those where projects constrained by cash requirement or refinancing

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Refocusing on the main businesses & main cities

- **Increasingly focused investment properties :** producing recurrent cash flow with a focus on commercial properties.
  - A focus on Prague & Berlin. Second centers of interests : Budapest, Düsseldorf and Warsaw.
  - Target : 2/3rd of the future asset value of the consolidated group within 2011.
- **A streamed residential development business**
  - Focus on Prague & Warsaw markets.
  - Focus on projects generating cash in 2009/2010. Residential projects which construction has not started yet are on hold.
  - This business shall eventually be self-financed thanks to its cash flow generation.
- **Land development is the reserve for future growth of Orco, even though Orco may not be able to fund the property development.**

ORCO PROPERTY GROUP

Exiting non strategic cities & businesses

- **Orco non strategic businesses**
  - logistics management and investment,
  - residential investment properties,
  - hospitality management and property management.
- **Sell activities in Moscow and Russia, specifically Molcom**.
- **Closing its offices in all Czech and German cities except Prague, Berlin and Dusseldorf**, and has been fundamentally scaling back Bratislava or Budapest.
- **Development activities in Germany will be closed** and the Group will dispose its land bank and projects.
- **Disposal plan : 'Sauvegarde' allows avoiding a hasty fire sale of assets.**
  - The disposal target of 200 mln € for the 12 months of 2009 shall be accomplished in 18 months by mid 2010.

Focus on cash

- **A new centralized financial organization focused on cash management in Paris**
  - Focus on the mother company cash needs & cash return from its ventures & subsidiaries.
- **Management is sharply reducing capex through project selection :**
  - Increased selection of real estate project fundings to € 280 Million in 2009. Focus on projects that require minimal equity infusion
- **Collecting cash from ventures and subsidiaries**
  - € 104,7 Million lent by OPG as of today
- **Dispose / freeze assets requiring large equity investments or refinancing**

Debt restructuring

- **Debt restructuring for deleveraging Orco :** a formal, professional & transparent process.
  - Target of a consolidated LTV ratio for the group inferior to 50%
- **The two processes of bank & bond debts negotiations to be discussed in parallel**
  - **Bank debt** : discussions on a one to one basis
    - Rescheduling of the debt, &/or partial debt abandon, & conversion into equity
    - From maturity extensions to global restructuring
  - **Bond debt** : one committee to vote in one voice
    - Majority of two third needed

ORCO PROPERTY GROUP

Streamlining organization & adapting costs

- **A new streamlined top management led by Jean-François Ott**
- **Cost cutting plan already led to € 7,1 Million per year of cost-savings**
  - Thanks to the reduction of the number of employees.
    - At the end of June 2009, the Group (except Molcom and hospitality) will count 438 employees vs 724 employees at the end of 2007.
    - The headcount is expected to fall further to 368 by the end of 2009 with the sale of service businesses, and to 300 by end 2010.
  - Further restructuring of overheads is anticipated during 2009 and 2010 to take the total overhead costs from € 22.5Million to € 18.0 Million by the end of 2010 for the perimeter excluding Molcom, Hospitality and Orco Germany.
  - Specific cost saving plans are being prepared to align the overheads of Orco Germany to its new business model.

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Going forward 2009

- **OPG plans to generate and preserve cash through the following:**
  - Sustainable cash flow from rental and secured residential sales in 2009 in Core SPVs
  - Operating expenses reductions in 2009 in line with projected revenues
  - Cash resources enhanced from interest freezing on OPG bonds, repayment of loans to OPG and fees from asset management contracts
  - Reduced cash leakage by not funding Non-Core SPVs and investments (OG, SHH, Molcom, AIG JV)
  - Review / disposal of SHH, AIG JV, (2010) and Molcom (2010) stakes

- **Prioritization of cash spending in 2009 based on the following**:
  - Reduced Opex (salaries, benefits, admin costs, rent and utilities)
  - Core SPVs generating cash in 2009 – suppliers, capex, debt service
  - Exiting from non-Core SPVs either through sales or giving away assets to creditors only with agreement from creditors on moratoria and write downs

- **Exit from Sauvegarde by the end of 2009 with cash surplus post-*Sauvegarde* plan**
  - Investment in new projects

ORCO PROPERTY GROUP

Conclusion

- ***From NAV based to cash based***

- ***Preserve integrity of the company while streamlining its portfolio of projects***

- ***Only current management can implement successfully the restructuring plan and the Sauvegarde***

- ***Exit from the crisis with a safe structure***

Appendix

List of financial instruments

Name	Type	ISIN	Market
Orco Property Group shares	Equity	LU0122624777	Paris Stock Exchange Prague Stock Exchange Budapest Stock Exchange Warsaw Stock Exchange
Bond 2007 - 2014	Fixed income	XS0291838992	Brussels Stock Exchange
Warrant 2007 - 2014	Equity	XS0290764728	Brussels Stock Exchange Paris Stock Exchange
Convertible bond 2006 - 2013	Fixed income	FR0010333302	Paris Stock Exchange
Variable rate bond 2005-2011	Fixed income	CZ0000000195	Prague Stock Exchange
Bond 2005 - 2010	Fixed income	FR0010249599	Paris Stock Exchange
Warrant 2005-2012 *Exchange offer closed in Nov 07*	Equity	LU0234878881	Paris Stock Exchange
Exchangeable bond into Hvar shares 2012	Fixed income	XS0223586420	Luxembourg Stock Exchange
Orco Germany SA shares	Equity	LU0251710041	Frankfurt Stock Exchange
Bond with warrants 2007 - 2014	Fixed income	XS0302623953	Luxembourg Stock Exchange
Warrants 2007 -2014	Equity	XS0302626899	Frankfurt Stock Exchange
Suncani Hvar shares	Equity	HRSUNHRA0003	Zagreb Stock Exchange (SUHV.ZA)

Real estate market fundamentals

Research updates

- After a record breaking year in 2007, overall investments volumes and number of deals decreased significantly in 2008
- Office yields have moved up across the main European cities, reaching 5.5% in Berlin (vs 4.9% in 2007) and 7% in Prague (vs 5.8% in 2007)
- YoY, average European rents increased or remaind at the 2007 level, except for Moscow
- Office vacancy increased in CEE area, especially in the 2nd half of 2008, while Berlin witnessed a 0.6% decrease YoY
- Class A assets remain the best protected against yield movements

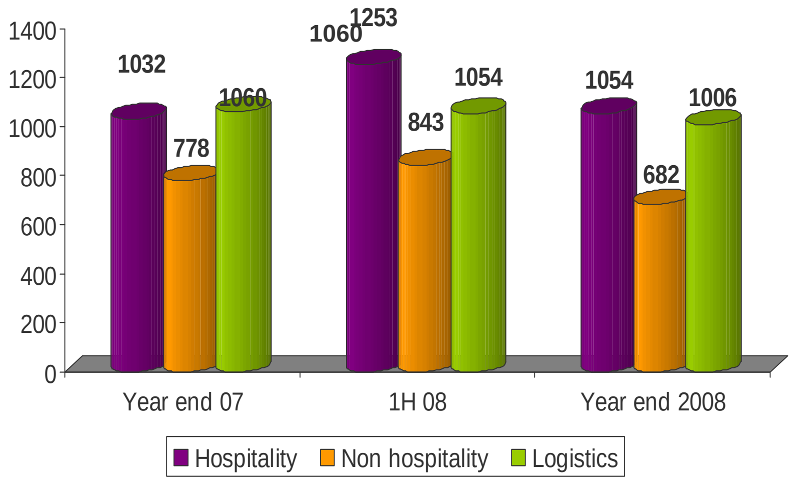
YoY (Q4 08/Q4 07) % change	Office Prime Rent	Office Vacancy
Prague	€23 (+9.5 %)	9% (+ 3.2%)
Budapest	€22 (+4.8 %)	13.9% (+ 3.6 %)
Warsaw	€28 (0 %)	2.9% (-0.2 %)
Berlin	€22 (+ 4.8 %)	8.8 % (-0.6 %)
Moscow	$116 (-17.6%)	15.1% (+ 6.6%)
Luxembourg	€40 (0%)	1.9% (-0.2%)

Source: Jones Lang LaSalle

ORCO PROPERTY GROUP

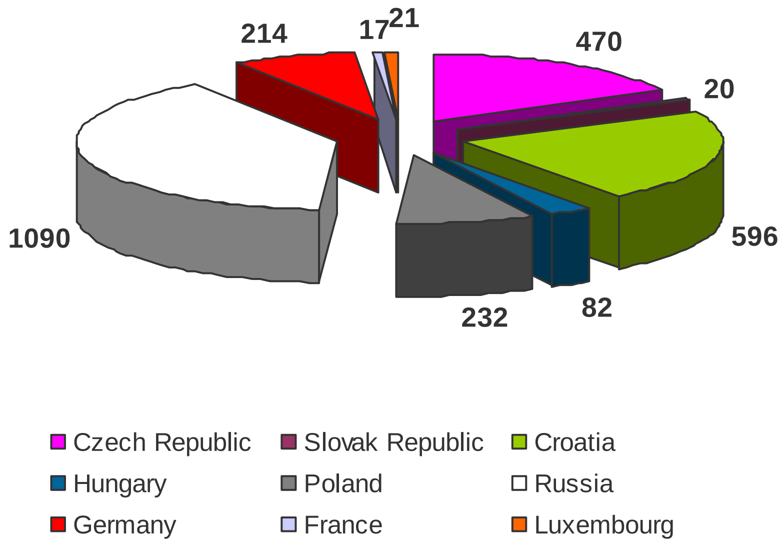
Headcount update

Headcount breakdown by activity (as at Dec 2008)



- Total headcount in Dec 08 went down to 2742 from 3150 in June 08 and 2870 in December 07. Molcom on its own has approx 1000 employees.
- The decrease in non-hospitality headcount is a results of cost cutting measures

Headcount breakdown by country (as at Dec 2008)



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- Analyst coverage