



ORCO PROPERTY GROUP S.A.

Admission of the issue of existing ordinary shares ISIN LU0122624777 and convertible bonds ISIN FR0010108704 for the purposes of trading on the primary market of the Prague Stock Exchange, a.s.

This prospectus has been elaborated for the purposes of the admission of the issue of current ordinary shares and convertible bonds of the trading company ORCO PROPERTY GROUP S.A., with the registered office at 8, Boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxembourg, established in accordance with the Luxembourg law, registered in the Business Register with the Commercial Court in Luxembourg, the Grand-Duchy of Luxembourg, under Ref. No. B. 44996 (hereinafter referred to as the "issuer" or „ORCO“) to trading on the primary market of the Prague Stock Exchange, a.s. (hereinafter also referred to as „BCPP“ or the „stock exchange“).

The shares are issued in the number of 4,622,824 pieces without a nominal value and traded on the secondary market (*Second Marche*) of the stock exchange Euronext Paris S.A (hereinafter referred to as „EURONEXT“) in Paris, France (hereinafter referred to as the „shares“). The share rates at the beginning of trading in them at BCPP (as defined below) will be determined according to the last known listing (closing exchange rate) of shares at the stock exchange EURONEXT, ISIN shares is LU0122624777. The shares are represented by more global documents that are in the name of Euroclear Netherlands (hereinafter referred to as „EUROCLEAR“), acting as a representative of the company Clearstream Banking, société anonyme, Luxembourg, the Grand-Duchy of Luxembourg (hereinafter referred to as „Clearstream“). The issuer supposes that the shares will be traded on the primary market of BCPP in Czech crowns. Settlement of trades with shares at BCPP will be realised through the settlement centre of the Stock Exchange, the company UNIVYC, a.s., with the registered office at Prague 1, Rybná 14, IČ: 25081489 (hereinafter referred to as „UNIVYC“).

Convertible bonds without preferential subscription right in the nominal value of EUR 32.40 and interest rate of 5.5 % p. a. are issued in the number of 1,001,563 pieces and traded on the secondary market of the stock exchange EURONEXT (hereinafter referred to as the „bonds“). The bond rates of at the beginning of trading in them at BCPP will be determined according to the last known listing (closing rate) of share at the stock exchange EURONEXT, ISIN of bonds is FR0010108704. The issuer supposes that the bonds will be traded on the primary market of BCPP in Czech crowns. Settlement of trades with bonds at BCPP will be realised through the settlement system of the company UNIVYC.

The shares have been admitted through Česká spořitelna, a.s. with the registered office at Prague 4, Olbrachtova 1929/62, postal code: 140 00, IČ 45244782, entered in the Business Register maintained by the Municipal Court in Prague, Section B, Insert 1171 (hereinafter referred to as the „local Listing Agent“) to trading on the primary market of the Stock Exchange by the decision of the Stock Exchange Committee for listing held on 18 January 2005. The bonds have been admitted through the local Listing Agent to trading on the primary market of the Stock Exchange by the decision of the Stock Exchange Committee for listing held on 18 January 2005.

The prospectus of shares and bonds (except for the issuing conditions of bonds) has been approved by the decisions of the Czech Securities Commission on 20 January 2005, Ref. No. 45/N/1158/2004/4 and 45/N/1158/2004/5 that came into legal force on 20 January 2005.

This prospectus of shares and bonds (hereinafter referred to as the „prospectus“) is not public or another offer to purchase any shares or bonds. Parties interested in purchasing shares or bonds have to make their investment decisions based on the information provided not only in this prospectus, but also based on their specification, changes and supplementing following from the information published by the issuer about itself and results of its business activities on an on-going basis in connection with fulfilment of its information duty based on legal regulations.

This prospectus has been elaborated as of 17 January 2005.

IMPORTANT NOTICES

This prospectus (as defined below) is a security prospectus only pursuant to the Act No. 256/2004 Coll., on Doing Business on the Capital Market. Unless stipulated otherwise in this prospectus, neither state body, except for the Czech Securities Commission, nor another person has approved this prospectus. Any statement of the opposite meaning is not true.

Neither the issuer (as written below), any of its employees nor any of its advisors (including the local Listing Agent or legal advisor) has approved any another statement or information on the issuer, shares or bonds other than those included in this prospectus. Neither such another statement nor information can be relied upon as the statement or information approved by the issuer or any of its advisor (including the local Listing Agent or legal advisor). Unless stipulated otherwise, all information in this prospectus is provided as of the date of issuing this prospectus. Delivering this prospectus anytime after the date of its issuing does not mean that the information contained in it is correct as of any moment after the date of its issuing. In addition, this information can be changed or supplemented through information published by the issuer as a part of its information duty.

Distributing this prospectus and offering, selling or purchasing shares or bonds are limited with legal regulations in some countries (e.g. in the United States of America, Canada and Japan where it is not possible to offer these bonds). The persons holding the prospectus are responsible for complying with the limitations that relate in individual countries to offering, purchasing or selling shares or bonds or holding and distributing any materials relating to shares or bonds. Owners of shares or bonds, including all any foreign investors, are called to inform consistently of all acts and other legal regulations regulating holding and sale of shares or bonds (including any tax consequences resulting from acquisition, holding sale, admission of dividends in the Czech Republic) as well as any other transactions with shares or bonds, and to comply with these acts and legal regulations.

In the extent determined with generally binding regulations and regulations of individual official security markets on which shares or bonds are or will be admitted to trading, the issuer will publish reports on results of its economic activities and financial position and meet the information duty.

Any assumptions and prospects regarding the future development of the issuer, its financial position, subject of enterprise or market position cannot be considered as the issuer's declaration or binding promise regarding the future events or results, as these future events or results depend fully or partially on circumstances and events that cannot be influenced by the issuer directly or in the full extent. Potential interested parties in purchasing shares or bonds should conduct their own analysis of any development trends or prospects included in this prospectus, or conduct other independent investigations, and base its investment decisions on the results of such independent analyses and investigations. If this prospectus is translated into another language, in case of any interpretation discrepancy between the wording of the prospectus in Czech language and the wording of the prospectus translated into another language, the wording of the prospectus in Czech language shall be decisive, unless stipulated otherwise in this prospectus.

In connection with the admission of the shares and bonds to the market of the Prague Stock Exchange, a.s. and in connection with trading the shares or bonds, operations can be carried out for stabilisation and keeping market price of shares or bonds at the level that would not have to be otherwise usual. This stabilisation, if started, can be suspended any time and will always be carried out in accordance with the valid legal regulations.

INTRODUCTION

Comparing the prospectus with the Decree of the Czech Securities Commission No. 263/2004 Coll., on Minimum Requirements of Security Prospectus and Abridged Security Prospectus

<i>Provision of the Decree</i>	<i>Chapter/ Article of the prospectus</i>	<i>Page of the prospectus</i>
Contents of the prospectus		
§ 2 – Information on persons responsible for the prospectus and verification of the financial statements		
a) name or names and surname(s), date of birth, permanent address or place of business and functions of natural persons responsible for the prospectus; if such a person is in employment relationship or similar relationship with a legal person, it is necessary to specify its position with this legal person and business firm or name, identification number, if assigned, and registered office of legal person; for a person that is responsible only for a part of the prospectus it is necessary to specify the part for which this person is responsible	Chapter 1.1	p. 15
b) name or names and surname(s), date of birth, permanent address or place of business of the auditor and business firm or name, registered office and identification number, if assigned, of the auditor company who have audited the financial statements of the issuer for the last 3 accounting periods; the information will be provided in the extent of entry in the list of auditors or the list of audit companies maintained by the Chamber of Auditors of the Czech Republic or any similar list; if the auditor issued another opinion than the opinion “without qualification“, the audit report also has to be attached to the prospectus; if the auditor has audited also other parts of the prospectus, also this fact will be included here	Chapter 1.2	p. 16
c) statutory declaration and signatures of the persons pursuant to Point a) that the information provided in the prospectus or any of its parts corresponds to the reality and no significant circumstances that could influence exact and correct assessment of the issuer and securities issued by it has not been omitted	Chapter 1.3	p. 20
d) declaration and signatures of persons the pursuant to Point a) that the financial statements for the last 3 accounting periods were verified by the auditor and that the auditor’s opinion given in the prospectus corresponds to the reality	Chapter 1.4	p. 21
§ 3 – Information on securities		
para. 1 letter a) information on the legal base for issuing security issue	Chapter 8.1	p. 130
para. 1 letter b) type, form, shape and number of pieces of securities, attached coupons, identification numbers according to the international numbering system for securities identification („ISIN“), if assigned or is to be assigned, total nominal value of the issue and nominal value of a security	Chapter 8.2	p. 130
para. 1 letter c) way of taxation of security yield in the state where the issuer has its registered office, or also in the state where securities are to be admitted to trading on a regulated market or offered to the public; if the issuer is the payer of tax deducted from security yield, this fact will be provided in the prospectus	Chapter 8.3	p. 130
para. 1 letter d) way of transfer of securities; if their convertibility is limited, the information will be provided how it is limited	Chapters 8.4 and 8.6	p. 131 and 132
para. 1 letter. e) names of regulated markets on which it has been applied for the admission of securities to trading, number of pieces and total nominal value of securities that are to be the subject of the application for the admission to trading on a regulated market or public offering	Chapter 8.5	p. 131

para. 1 letter f) names of regulated markets on which securities in question or other securities of the same issuer and the same type are or are to be admitted to trading	Chapter 8.5	p. 131
para. 1 letter g) name and registered office of the bank or financial institution through which security owners can exercise their ownership rights connected with securities, especially through which revenues will be paid from securities; if such financial institution is not determined, the description of payment method of security yield will be included	Chapter 8.6	132
para. 1 letter h) identification of individual parts of the issue, if the issue is to be issued or placed in more states and individual parts are intended for some of them	Chapter 8.7	p. 133
para. 1 letter i) issue price or purchase price of securities and method of their payment; if issue price or purchase price is not known, method of their determination or calculation will be given	Chapter 8.8	p. 133
para. 1 letter j) way of exercise of the right for the exchange for a security or preferential subscription right, convertibility of these rights and handling with rights that have not been applied	Chapters 8.6 and 10.3	p. 132 and 146
para. 1 letter k) information on the procedure for security subscription or tender with specification of deadlines for subscription or purchase of securities, including information on any possibility of early termination of subscription or tender or to shorten subscription realised, place of subscription or tender, or names of financial institutions that are to mediate subscription or tender; that does not apply to bonds that are issued on an on-going basis	Chapter 8.10	p. 134
para. 1 letter l) in the case of certificated securities their description or sample copy and method of delivery of certified securities to their acquirers	Irrelevant	N/A
para. 1 letter m) possibility of issuing interim certificates or similar securities	N/A	N/A
para. 1 letter n) business firm or name or names and surname(s), address of registered office or permanent address and subject of enterprise of persons who have subscribed or are subscribing the whole issue of securities or have guaranteed for subscription of this issue; if subscription does not relate to the whole issue, the part of issue that has not been subscribed is specified	N/A	N/A
para. 1 letter o) net proceeds of the issue for the issuer together with specification of the purpose of using so acquired funds; this does not apply to bonds that are issued on an on-going basis	N/A	N/A
para. 2 In the prospectus of shares, the information pursuant to point (1) letters m) to o) will be provided only if they are issued together with their admitting to trading on a regulated market or their public offer or if they were issue less than 12 months prior to the admission to trading on a regulated market or their public offer	N/A	N/A
para. 3 In the prospectus of bonds, the information pursuant to point (1) letters m) to o) will be provided only if they are issued together with their admission to trading on a regulated market or their public offer or has been carried out less than 3 months prior to the admission to trading on a regulated market or their tender	N/A	N/A
§ 4 – Other information on shares		
letter a) information on whether the shares that are to be admitted to trading on a regulated market are placed with the public, or if they should be placed by the public through a regulated market	Chapter 9.1	p. 135
letter b) characteristics of the shares and exact description of the type of shares	Chapters 8.2 and 9.2	p. 130 and 135
letter c) for shares issued in connection with merging, fusing or dividing a company, with transfer of an enterprise or its part, with offer of taking over, or for shares that can be issued as counter-performance of non-monetary deposits – specification of place where one can inspect documents containing terms of the mentioned operations	Irrelevant	N/A

letter d) full description of all rights resulting from a share, especially the extent of voting rights, right for profit share, for liquidation balance and all preferential rights	Chapter 9.3	p. 135
letter e) date of creation of the right for dividend, if known, and deadline for its payment; it will also be stated to whom the claim to dividend is transferred if the shareholder does not file it	Chapter 9.4	p. 136
letter f) share premium with specification of all costs falling on and charged to subscribers or buyers, in the case of fully not paid shares also details of their payments	Chapter 9.2	p. 135
letter g) information on the preferential subscription right of existing shareholders and on limitation or exclusion of this right with specification of reasons and possibly persons for whose benefit the preferential subscription right is limited or excluded; in the case of limitation or exclusion of the preferential subscription right the issue rate must be justified for issuing shares against monetary deposits	Chapter 9.2	p. 135
letter h) number of shares placed with the public with specification of share capital that comes to them, distinguished by types of shares	Chapter 9.5	p. 137
letter i) total costs of an issue or their impact in the proportion coming to one share; consideration, fee or commission provided to persons participating in the issue must be stated individually for such person separately	Chapter 9.2	p. 135
letter j) number of shares that will be admitted to trading on a regulated market and their nominal value	Chapter 9.6	P137
letter k) date as of which shares are to be admitted to trading on a regulated market, if we know them	Chapter 9.7	p. 137
letter l) offer to take over shares by the issuer made by third parties and offer to accept shares of other companies made by the issuer, that were made in the current or previous year, together with the amount of price and other terms of the offer and its result	Chapter 9.8	p. 138
letter m) number and characteristics of shares of the same issuer, whose shares are admitted to trading on a regulated market, if these shares are to be, together with the admission of shares to trading on a regulated market, subscribed publicly or non-publicly, together with details of this subscription or placement	Irrelevant	N/A
§ 5 – Other information on bonds		
letter a) type, number and numerical identification of bonds	Chapter 10.1	p. 145
letter b) nominal interest rate or other proceeds and method of their calculation; if more interest rates are expected to be used, conditions of change in interest rate will be stated	Chapters 10.1 and 10.2	p. 145 and 145
letter c) conditions for providing other advantages and method of their calculation	Chapter 10.3	p. 146
letter d) method and procedure of payment of bonds	Chapter 10.4	p. 147
letter e) currency in which bonds are denominated, possibility to select currency; if bonds are denominated in an accounting unit, its contractual arrangement will be provided	Chapters 10.5 and 8.6	p. 148 and 132
letter f) maturity date of bonds, or dates of repayments prior to maturity date	Chapter 10.4 and 10.6	p. 147 and 148
letter g) beginning of charging interests on bonds and maturity dates of interests or other proceeds	Chapter 10.7	p. 149
letter h) method and deadlines for exercise of the right for payment of interest or other proceeds and for payment of a bond with specification of times of expiration	Chapter 10.9	p. 151
letter i) method and extent of guarantee by a third party for payment of bonds and payment of interests from them with specification of places where one can inspect contracts or statement of guarantee	Chapter 10.10	p. 152

letter j) method of establishment of common representative of the bond owners meeting, his name(s) and surname(s) and position or business firm or name and registered office, powers and authorisations together with regulation of possibility of his replacement and with specification of places where one can inspect the respective contracts or other documents about his establishment	Chapter 10.11	p. 152
letter k) order of the right for satisfaction from bonds in the proportion to other existing or future obligations of the issuer	Chapter 10.12	p. 153
letter l) legal order and legal regulation according to which bonds are issued, decisive law and court competent for deciding on litigations	Chapter 10.13	p. 153
§ 6 – Basic information on the issuer		
letter a) business firm or name, registered office and real office, if different from the registered office, and identification number, if assigned	Chapter 2.1	p. 25
letter b) datum of establishment and period for which the issuer has been established, if established for a definitive period of time	Chapter 2.2	p. 25
letter c) legal order and legal regulation according to which the issuer has been established, and legal form of the issuer according to this legal regulation	Chapter 2.3	p. 25
letter d) the issuer's subject of enterprise according to determination in the articles of partnership or the articles of association with reference to the respective provision of the articles of partnership or the articles of association	Chapter 2.4	p. 25
letter e) register court or another body authorised for maintaining business register or similar evidence and number under which the issuer is entered with this court or another body	Chapter 2.5	p. 26
letter f) places where all documents and materials mentioned in the prospectus regarding the issuer can be inspected; also the issuer's Internet address (URL address) will be stated, if created	Chapter 2.6	p. 26
§ 7 – Information on the issuer's share capital		
para. 1 letter a) amount of subscribed share capital, number and type of participation securities or shares, into which share capital is divided, description of their main characteristics, information on not paid amount of share capital with a number and type of participation securities or share or total nominal value and type of so far not paid participation securities or shares ordered according to the extent in which they have not been paid	Chapter 3.1	p. 27
para. 1 letter b) nominal value of issued securities that entitle for asserting the right for the exchange for other securities or preferential subscription of other securities, with specification of conditions and procedure for asserting this right	Chapter 3.2	p. 27
para. 1 letter c) description of the structure of group, if the issuer is its part, and the position held by the issuer in such group; if the issuer is a party to the controlling contract or contract on profit transfer, identification information will be given on the second party to the controlling contract or contract on profit transfer and data when the controlling contract or contract on profit transfer came into effect	Chapter 3.3	p. 27
para. 1 letter d) number, book value and nominal value of own participation securities acquired and held by the issuer or a person where the issuer has direct or indirect share exceeding 50 % of share capital or voting rights, if these participation securities are not recorded in a special item of balance sheet; in the prospectus of bonds information on participation securities will be provided only if they represent these participation securities more than 5 % of the issuer's share capital	Chapter 3.4	p. 30

para. 2) In the prospectus of shares, in addition to the information pursuant to paragraph 1, at least the following information will be provided		
a) nominal value of allowed or conditional share capital increase and deadline for its increase, if any, group of persons having the right to exchange securities for shares or preferred share subscription, and terms and procedure for issuing new shares,	Chapters 3.5 and 3.5.1,	p. 31 and 31
b) number and main characteristics of shares that do not constitute any share in share capital, if such shares have been issued,	Chapter 3.6	p. 32
c) terms determined in the foundation documents for changes in share capital and rights following from individual types of shares if they are stricter than terms determined by law,	Chapter 3.7	p. 32
d) summary description of operations by which share capital was changed in the previous 3 years or in the number or type of shares into which it is divided,	Chapter 3.8	p. 32
e) persons controlling the issuer, individually or, in case of negotiations, in agreement with other persons, or could control it, if known to the issuer, with specification of details about the size of share that authorises them to vote, and	Chapter 3.9	p. 35
f) persons whose direct or indirect share in share capital or voting rights of the issuer are at least 5 %, if they are known to the issuer.	Chapter 3.10	p. 35
§ 8 – Information on the issuer’s activity		
para. 1 letter a) information on main spheres of activities of the issuer with main types of products and services; new important products and activities will be se uvedou separately	Chapters 4.1, 4.1.1 and 4.1.2	p. 36, 40 and 42
para. 1 letter b) information on sales in the last 3 accounting periods or in the last 2 accounting periods, if the prospectus is elaborated for bonds; if the prospectus is elaborated for shares, sales are distinguished by types of activity and markets in various geographical spheres, if these types of activities or markets are significantly different with respect to the method of sales of products or providing services by the issuer	Chapters 4.2 and 5.1.1	p. 44 and 53
para. 1 letter c) registered office of organisational unit of the issuer’s enterprise that participates in total turnover or production or services provided by the issuer by at least of 10 %, and summary description of property owned by the issuer	Chapter 4.3	p. 44
para. 1 letter d) for issuers active in the sphere of mineral or oil mining – description of deposits, estimate of economically usable reserves, estimate extent of work, duration and main conditions of authorisation for mining and conditions of its economical usage and real progress of work	Irrelevant	N/A
para. 1 letter e) all extraordinary facts and events that have effected the information pursuant to letters a) to d)	Irrelevant	N/A
para. 1 letter f) information on the issuer’s dependence on patents or licences, industrial, commercial or financial contracts or new production processes, if they are of any significance for the issuer’s business or profitability	Chapter 4.4	p. 46
para. 1 letter g) information on judicial, administrative or arbitration proceedings conducted in the current accounting period and 2 previous accounting periods that had or can have important impact on the issuer’s financial situation	Chapter 4.5	p. 46
para. 1 letter h) information on major investments realised in the current accounting period and 3 previous accounting periods, including all investments to financial assets, especially investments to shares and bonds of other issuers, with specification of numerical information on these investments	Chapter 4.6	p. 46
para. 1 letter i) information on major investments carried out, except for investment in financial assets with geographical distinguishing of their placement (the Czech Republic, abroad) and with specification of the method of their financing (own funds, external funds)	Chapter 4.7	p. 47

para. 1 letter j) information on main future investments with the exception of investment in financial assets, that have already been approved by the issuer's respective bodies	Chapter 4.8	p. 50
para. 2 In the prospectus of shares, in addition to the information pursuant to paragraph 1, the following information will be provided a) information on the trend, programme and application of results of research or development of new products or procedures for the last 3 accounting periods, if they are significant, b) information on interruptions in the issuer's business that had or could have significant impact on the issuer's financial situation in the last 3 accounting periods, and c) information on the average number of employees divided according to individual types of the issuer's business activities and changes in the number of employees in the previous 3 accounting periods, if they are significant.	Irrelevant Chapter 4.9 Chapters 4.10, 5.1.1 note 21 and 5.6.1 note 22	N/A p. 51 p. 51, 53 and 80
§ 9 – Information on property, obligations, financial situation, profit and losses of the issuer		
para. 1 letter a) financial statements in the extent of balance sheet and profit and loss account in the form of comparing table for the last 3 accounting periods or for the last 2 accounting periods, if the prospectus is elaborated for bonds, and annexes for the last accounting period	Chapters 5.1.1 and 1.2 (auditor's opinion)	p. 53 and 16
para. 1 letter b) overview of changes in shareholder's fund in the form of comparing table for the last 3 accounting period	Chapters 5.2 and 5.1.1 note 9	p. 77 and 5371
para. 2 In the prospectus of shares, in addition to the information pursuant to paragraph 1, at least the following will be provided: a) results (profit, loss) after taxation of the issuer's ordinary activity coming to per share for the last 3 accounting periods, and b) amount of dividend per share for the last 3 accounting periods.	Chapter 5.3	p. 77
para. 3 In the prospectus of bonds, in addition to the information pursuant to paragraph 1, at least current information will further be provided with specification of dates, as of which they are valid, a) on the total amount of so far not paid credits accepted by the issuer divided into secured and non-secured credits, and the method of their securing, b) on the total amount of all loans accepted by the issuer and other obligations of the issuer divided into secured and non-secured loans and obligations and method of their securing, and c) on securing provided by the issuer and other conditional obligations. If the issuer draws up the consolidated financial statements, obligations in the consolidation unit are not taken into consideration; if necessary this fact will be provided in the prospectus. Or in the prospectus it will be written that the issuer has not accept any loans or credits or that it has no obligations.	Chapter 5.10	p. 109
para. 4 The issuer drawing up only the consolidated financial statements will include the consolidated financial statements in the prospectus. The issuer drawing up the financial statements as well as the consolidated financial statements, will include both, unless the Czech Securities Commission (hereinafter referred to as „Commission“), at the issuer's request, allows including only one of them, if financial statements whose not included in the prospectus is the subject of application do not include any important additional information.	Chapter 5.1.1	p. 53

para. 5 The information pursuant to paragraph 2 letter a) will be provided if the issuer included the financial statements in the prospectus. The issuer that includes only the consolidated financial statements in the prospectus will include only the consolidated result that came to one share in the last 3 accounting periods. The issuer that includes also the consolidated financial statements in the prospectus, will also include the consolidated result that came to one share in the last 3 accounting periods.	Chapter 5.3	p. 77
para. 6 The issuer, for which the information pursuant to paragraph 2 letter a) changed in the last 3 accounting periods in terms of the number of shares, especially for the reason of decreasing or increasing share capital or merging or dividing shares, will adjust this information so that it is possible to compare it with each other. The method of adjustment (conversion formula) will be included in the prospectus.	Chapter 5.5	p. 79
para. 7 The period between the balance sheet date as of which the last published financial statements pursuant to paragraph 1 letter a) or paragraph 4 have been elaborated, and the date of filing the application for approving the prospectus must not be longer than 18 months. In exceptional cases, the Commission may extend the deadline according to the first sentence adequately. If the deadline pursuant to the first sentence exceeded 9 months, interim financial statements for the first 6 months of the current accounting period will be included. If the interim financial statements are not verified by the auditor, this fact will be stated.	Chapter 5.6.2	p. 96
para. 8 For the issuer drawing up the consolidated financial statements, the Commission decides, at request, if the interim financial statements pursuant to section 7 must be elaborated in the consolidated form.	Chapter 5.6.1	p. 80
para. 9 Especially any significant change will be included that has occurred since the balance sheet date as of which the last published financial statements have been elaborated pursuant to paragraph 1 letter a) or paragraph 4, or from the day as of which the interim financial statements pursuant to section 7 have been elaborated.	Chapter 5.6.1 note 23	p. 80
para. 10 The issuer not having its registered office in the European Union Member State or in another state constituting the European Economic Area and whose financial statements do not comply with the regulations of the European Union on accounting and do not provide true and accurate picture of the issuer's property and financial situation, the information corresponding to these regulations will be provided.	Irrelevant	N/A
para. 11 If the prospectus includes the consolidated financial statements or information from them, the following will be provided: a) detailed description of the used methods of consolidation, b) business firms or names and registered offices of persons included in the consolidation unit, if this information is important for assessment of the issuer's property and financial situation, c) for each persons under b) summary amount of interests held by third persons, if the financial statements are fully consolidated, or the proportion decisive for consolidation, if consolidation is carried out proportionally.	Chapters 5.1.1 note 2 and 5.6.1 note 2 Chapter 5.8 Chapter 5.8	p. 53 and 80 p. 98 p. 98

<p>para. 12 In the prospectus information on each person are provided where the issuer has direct or indirect participation that is at least 10 % of the issuer's shareholder's fund or 10 % of the issuer's net annual profit or loss. If the issuer is a part of the consolidation unit, information on each person will be provided where the issuer has direct or indirect participation that is at least 10 % of the consolidated shareholder's fund or at least 10 % of the consolidated net annual profit or loss of the consolidation unit. At least following information will be provided for each of these persons:</p> <ul style="list-style-type: none"> a) business firm or name, registered office and identification number, if assigned, b) subject of enterprise or another activity, c) amount off subscribed share capital, d) amount and types of reserves and amount of profit or loss for taxation in the last accounting period, if such a person publishes the annual financial statements, e) amount of the issuer's share in share capital of such a person, f) possible amount that has not been paid in the share pursuant to letter e), and g) income from share pursuant to letter e) in the last accounting period. 	Chapter 5.9	p. 104
<p>para. 13 In the prospectus of shares, in addition to the information pursuant to paragraph 1, also the book value of shares pursuant to paragraph 12 letter e) held by the issuer will be provided as well as the amount of claims and obligations of the issuer due from, resp. to every person pursuant to paragraph 12.</p>	Chapter 5.9	p. 104
<p>para. 14 In the prospectus of shares, also information on persons will be provided that are not the persons pursuant to paragraph 12 and where the issuer has direct or indirect participation of at least 10 % of share capital or voting rights of these persons. For each person, the following information will be provided: business firm or name, registered office, identification number, if assigned, and the amount of the issuer's participation, unless they are shares they are of small importance for assessment of shares that are to be admitted to trading on a regulated market.</p>	Chapter 5.9	p. 104
<p>para. 15 The information pursuant to paragraphs 12 and 13 do not need to be included in the prospectus, if the issuer proves that it holds the respective participations only for the period of max. 1 year. The information pursuant to paragraph 13 do not be included in the prospectus either, if the Commission give its consent with their not including. The Commission will grant its consent if it finds that the public will not be deceived by not providing information.</p>	Irrelevant	N/A
<p>para. 16 The issuer that holds the dominant position in a concern, will included in the prospectus the information pursuant to § 8 and § 11 also for the concern. At the issuer's request, the Commission can grant its consent with providing only information on the issuer or only information on the concern, if hereby no significant facts are concealed. If there are information known to the issuer regarding members of the concern of which the issuer is a part, that can affect assessment of the issuer or securities in question, it is necessary to provide these in the prospectus.</p>	Yes, asked for exception to section 9(16) of the Decree	N/A
<p>§ 10 – Information on the issuer's statutory and supervisory bodies and managerial employees</p>		
<p>para. 1 letter a) name or names and surname(s), date of birth and permanent address of statutory bodies or their members, members of supervisory bodies and managerial employees with specification of their positions, education achieved and practice; if the statutory body or its member or member of the supervisory body of the issuer is a legal person, its business firm or name, address of registered office and identification number, if assigned, will be provided.</p>	Chapter 6.1	p. 117

para. 1 letter b) main activities of the persons pursuant to letter a) that perform, in addition to their activity for the issuer, if these activities can be of any significance for assessment by the issuer	Chapter 6.2	p. 120
para. 1 letter c) description of rules regulating the procedure for nominating or electing statutory and supervisory bodies or their members and managerial employees	Chapter 6.3	p. 121
para. 2 In the prospectus of shares at least following information shall also be provided in addition to the information pursuant to paragraph 1	Irrelevant	N/A
a) for the issuer that was established less than five years ago – the information on the issuer’s founders pursuant to paragraph 1 letter a),	Chapters 5.1.1 note 19 and 5.6.1 note 19	p. 53 and 80
b) the amount of performance of any type of provided to statutory bodies or their members, members of supervisory bodies and managerial employees of the issuer for the last accounting period, especially fee, wage or salary, percentage of annual profits, profit share, compensation of costs, insurance premium, provision and allowances in kind; information for every person and type of performance will be provided separately,	Chapter 6.4	p. 124
c) amount of performance provided to statutory bodies or their members, members of supervisory bodies and managerial employees of the issuer by persons that are in the same concern with the issuer; information for every person and type of performance will be provided separately,	Chapter 6.5	p. 124
d) total number of participation securities of the issuer that is held by statutory bodies or their members, members of supervisory bodies and managerial employees of the issuer, and options based on which these persons can obtain other participation securities of the issuer or realise their transfers; information for every person will be provided separately,	Chapter 6.6	p. 125
e) type and extent of the participation of statutory bodies or their members, members of supervisory bodies of the issuer and managerial employees in business transactions beyond the subject of enterprise of the issuer or in other business transactions unusual for the issuer in terms of their form, nature, conditions or subject in the course of current and last finished accounting period or from previous accounting periods, if these transactions have not settled yet; information for every person will be provided separately,	Chapter 6.7	p. 125
f) total amount of not paid credits or loans yet the issuer has provided to statutory bodies or their members, members of supervisory bodies and managerial employees, and further all guarantees and other securing or performance the issuer has taken over for these persons; information for every person will be provided separately, and	Chapter 6.8	p. 125
g) information on the possibilities of employees to participate in the issuer’s share capital.		
§ 11 – Information on the issuer’s activity development		
letter a) general information on tendencies in the issuer’s activities since the last accounting period for which the financial statements have been published, especially on major current tendencies in production or in provided services, sale, warehouse management and orders and on tendencies of the last development of costs and selling prices	Chapter 7.1	p. 126
letter b) information on the issuer’s business prospects at least since the end of the current accounting period and on future strategy of its activities	Chapter 7.2	p. 127
§ 12 – Securities representing shares	Irrelevant	N/A
§ 13 – Information on other securities and persons		

para. 1 In the prospectus of bonds, at least information pursuant to sections 6 and 11 on each person that has guaranteed meeting obligations resulting from bonds offered will be given	Irrelevant	N/A
para. 2 In the prospectus of convertible or priority bonds or warrants, further the following information will be given: on the nature of shares or bonds that can be acquired for them, on the method and conditions of exercising the rights for exchange or subscription of these shares or bonds. If the issuer of these shares or bonds is a person different from the issuer of convertible or priority bonds or warrants, the information pursuant to sections 6 a 11 will also be given on the issuer of these shares or bonds.	Chapter 10, irrelevant	p. 145, N/A

Comparing the prospectus with the Stock Exchange Rules of the Prague Stock Exchange, a.s., Part III – Conditions for the admission of security to trading on the major and secondary markets, of 15 December 2004

<i>Regulation of rules</i>	<i>Chapter/ article of the prospectus</i>	<i>Page of prospectus</i>
a) introductory provision [Art. 6 para. 3 letter a)]		
1. the issuer's statutory declaration on assuming responsibility for correctness of the prospectus, signature of the issuer's statutory body, date, as of which the prospectus has been elaborated,	Chapter 1.5, Title page	p. 23 and 1
2. declaration of the bank's or another person, if such a bank or person is a member of the stock exchange, and is approved by the committee for this purpose, about verification of the prospectus with specification of its business firm, registered office and signatures of authorised persons; text of declaration shall be determined by the committee,	Chapter 1.6	p. 24
3. information on the fact that by the admission of a security to stock exchange trading on the primary, secondary market, the stock exchange does not assume any obligations from such securities,	Chapter 1.5	p. 23
b) information on securities [Art. 6 para. 3 letter b)]		
1. way of evidence about balance and movement of a security, if the issue is carried out only by book-entrance,	Title page, Chapter 8.6	p. 1 and 145
2. business firma or name, registered office or permanent address of a security trader who was or is in charge of issuing a security,	Irrelevant	N/A
3. development of security rate for the last three years since its placement on public market (applies also to convertible and priority bonds)	Chapters 9.10 and 10.8	p. 154 and 166
4. for bonds, full wording of issuing conditions, full wording of guarantee for payment and charging interest, in the case of guarantee of the issuer by a third party - information on guarantor in the extent of information on the issuer,	Chapter 10 and Annex No. 1 and 2, irrelevant	p. 161, Annexes No. 1 and 2, N/A
5. the issuer's declaration on existence of any decision of the Annual Meeting or the right of statutory body of the company to make a decision of the issue of shares or any rights related to the company's share capital (e.g. convertible bonds),	Chapter 3.5	p. 33
c) basic information on the issuer with specification of all changes that are included in the entry in the Commercial Register from the date of last record [Art. 6 para. 3 letter c)]	Chapter 2.5	p. 26
d) information on the issuer's property and financial institution [Art. 6 para. 3 letter d)]		
1. economic results for the period from the end of the previous economic year to the end of quarter of the economic year preceding the date of application in the consolidated form, if elaborated, supported with balance sheet and profit and loss account, if not elaborated, so only the issuer's economic results. If the date of submitting the application falls on the day less than one month after the end of any quarter of economic year, economic results in the above-mentioned extent will be sufficient for the period by the end of the previous economic year as of the end of quarter closely preceding such a quarter,	Chapter 5.6.3	p. 105
2. regularly financial statements elaborated in accordance with generally binding regulations for the period preceding to the economic year in the extent of balance sheet and profit and loss account,		

3. to include all liens tied to the company's property, if they exceed 5% of the company's shareholder's fund,	Chapter 5.10	p. 119
4. to divide not paid credits into short-time, long-time, credit not paid within maturity, type and extent of insolvency.	Chapter 5.11	p. 125
e) information on statutory and supervisory bodies [Art. 6 para. 3 letter e)]		
1. information on integrity of statutory and supervisory bodies, or conviction for property offence,	Chapter 6.1	p. 127
f) any other information that is necessary so that the information provided in the prospectus was not misleading in any significant respect [Art. 6 para. 3 letter f)]		
	Chapter 1.5	p. 23

Note: With respect to the fact that it is only listing of current shares and not their new issue and for the reasons described in this prospectus, the provisions of section 3, paragraph 1, letters l) to o), section 3, paragraphs 2 and 3, section 4, paragraph 1, letters c), f), g), i) and m), section 8, paragraph 1, letter d) and e), section 8, paragraph 2, letter a), section 9, paragraph 10, section 9, paragraph 12, letters d) and f), section 9, paragraph 15, section 10, paragraph 2, letter a), section 12, section 13, paragraph 1, and sections 14 to 23 of Decree and Art. 6, paragraph 3, letter b) points ii) and iv) of the rules do not apply to this prospectus.

SECURITY PROSPECTUS

General (corporate) part

Chapter 1: Persons responsible for the security prospectus and verification of financial statements

1.1 Persons responsible for the security prospectus

The following persons are responsible for this security prospectus (hereinafter referred to as „the prospectus“) are, pursuant to section 2 letter a) of the Decree No. 263/2004 Coll., on Minimum Requirements of Security Prospectus and Abridged Security Prospectus (hereinafter referred to as the „Decree“):

Arnaud Bricout, born on 4 January 1964
40, rue la Pérouse
F-75116 Paris
France
Tel.: +33 1 40 67 67 00
Fax: +33 1 40 67 67 01
e-mail : abricout@orcogroup.com

Luc Leroi, born on 26 October 1965
8, Boulevard Emmanuel Servais
L-2535 Luxembourg
the Grand-Duchy of Luxembourg
Tel.: +352 26 47 67 1
Fax: +352 26 47 67 67
e-mail : lleroi@orcogroup.com,

members of the Board of Directors of ORCO PROPERTY GROUP S.A., with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxembourg.

1.2 Persons responsible for verification of financial statements

Pursuant to section 2 letter b) of the Decree, financial statements of ORCO PROPERTY GROUP S.A., with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxembourg (hereinafter referred to as the „issuer“ or „ORCO“) for the last 3 accounting periods have verified

RSM Salustro Reydel S. A.
with the registered office at 8, avenue Delcassé
F-75378 Paris
France,
from 2001 to 2003

Deloitte & Touche
with the registered office at 560, rue de Neudorf
L-2220 Luxembourg
the Grand-Duchy of Luxembourg,
in 2001

HRT Révision S.à.r.l.
with the registered office at 23, Val Fleuri
L-1516 Luxembourg
the Grand-Duchy of Luxembourg,
since June 2002

The current auditors of ORCO are the already mentioned company HRT Révision S.à.r.l. and the company

PricewaterhouseCoopers S.ř.r.l.
with the registered office at 400, route d'Esch,
L-1014 Luxembourg
the Grand-Duchy of Luxembourg,
since 29 April 2004.

The above-mentioned persons have provided the following auditor's opinion as to the audit for 2003:

*HRT Révision S.ř.r.l.
23, Val Fleuri
L-1526 Luxembourg*

*RSM SALUSTRO REYDEL
8, Avenue Delcassé
75378 Paris Cedex 08
France*

*AUDITORS' REPORT
ON THE CONSOLIDATION FINANCIAL STATEMENTS*

YEAR ENDED ON 31 DECEMBER 2003

In compliance with the assignment entrusted to us by your shareholder's general meeting, we have audited the consolidated financial statements of ORCO PROPERTY GROUP S. A. for the year ended on 31 December 2003, as attached hereto.

The consolidation financial statements have been elaborated by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we perform such operations in order to obtain a reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates used for the financial statement elaboration as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion below.

OPINION of HRT Révision S.à.r.l.

During our audit we stated putting to accounts, based on preliminary agreements signed in December 2003, of income at the amount of EUR 3.5 million that comes from creation of a joint venture for the project KOSIC and from the sale of a company concerning the real estates 2 v Americka Park. The complexity of these operations has led to the fact that their legal realisation could be finished only in the first quarter of 2004. As of the date of our certification on audit these operations were finished completely and the results of transfer were cashed according to the payment schedule included in the contracts.

In our opinion, according to the principle of preferring substance to form, even if these transactions could be legally finished as late as at the beginning of 2004, the decision made by the Board of Directors to include this income in the profit and loss account of the accounting period 2003 is adequate. The analysis of translation differences in the table of changes in the consolidated shareholder's fund does not enable to reach as of today's date the correct division of translation loss at the amount of EUR 485,000 between the result and reserves included in reserves. In our opinion, the attached consolidated financial statement give a true and fair view of the consolidated property and consolidated financial position of the company ORCO PROPERTY GROUP S.A. as of 31 December 2003 as well as, with the qualification of possible impact of the note included in the previous paragraph, the consolidated financial statements of the accounting period ended on this date. Without qualifying our above-mentioned opinion, we point out the following:

- notes 2c) iii (deferred tax) and 11 of Annex dealing with the method of including assets from deferred taxes and litigation Opera Business Centre, and uncertainty that affect evaluations of these parts,*
- change in the method described in note 2a) of Annex.*

OPINION of RSM SALUSTRO REYDEL

During our audit we made the following findings that prevent us from giving the certificate - creation of the joint venture that concerns Kasic Project was put in account in December 2003 based on „memorandum of understanding“ that does not include any firm obligation creating positive contribution to the consolidated economic result of EUR 2.2 million. The definitive transaction expressed with the sale of shares was realised only in February 2004. The sale of the company concerning the building 2 in Americka Park was put to accounts in December 2003 based on a mere preliminary agreement, which created positive contribution to the consolidated economic result of EUR 1.3 million. The definitive transaction expressed with the sale of shares was realised only in February 2004. The global consequence of these findings is re-evaluation of the economic result 2003 and equity as of 31 December 2003 by EUR 3.5 million.

Further, the analysis of translation differences in the table of changes in the consolidated shareholder's fund does not enable to reach as of today's date its correct division between result and equity.

In our opinion, due to the above-mentioned facts, the consolidated financial statements, with respect to the French accounting rules and principles, is not regular and authentic and does not give a true and fair view of the results of operations for the previous accounting period as well as the financial position and property of the company at the end of this period.

Without qualifying our above-mentioned opinion, we point out the following facts:

- *notes 2c) iii (deferred taxes) and 11 of Annex dealing with the methods of including assets from deferred taxes and litigation Opera Business Center, and uncertainties that affect evaluations of these parts,*
- *change in the method described in note 2a) of Annex.*

Luxembourg and Paris, on 22 April 2004

Auditors

*HRT Révision S.à.r.l.
Dominique RANSQUIN*

*RSM SALUSTRO REYDEL
François BERNARD*

*AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS*

ACCOUNTING PERIOD ENDED ON 31 DECEMBER 2003

In accordance with the mandate provided by the shareholder's general meeting, we have audited the attached financial statements of ORCO PROPERTY GROUP S.A. for the year ended on 31 December 2003. The financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and methods followed with significant estimates made by the Board of Directors for the financial statement elaboration as well as the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion below.

OPINION of RSM SALUSTRO REYDEL

We have a qualification on the following point:

- *establishment of a joint venture for the project Kotic was put in accounts in December 2003 based on the „memorandum of understanding“ that does not include any firm promise obligation creating positive contribution to the consolidated economic result of EUR 2.2 million. The definitive transaction expressed with the sale of shares was realised only February 2004. As a consequence of this, the economic result of 2003 and equity as of 31 December 2003 we re-valuated by EUR 2.2 million.*

With this qualification we certify that the financial statements are, with respect to the French and Luxembourg accounting principles, correct and authentic and give a true and fair view the results of operations of the previous accounting period and financial position and property of the company at the end of accounting period.

OPINION of HRT Révision S.à.r.l.

During our audit we state putting to accounts, based on a preliminary agreement signed in December 2003, of the income of EUR 2.2 million that comes from creation of a joint venture for KOSIC Project. The complexity of this operation has led to the fact that its legal realisation could be finished only in the first quarter of 2004. As of the date of our audit this operation was finished completely and the result of transfer was cashed / collected according to the payment schedule included in the contract.

In our opinion, according to the principle of preferring substance to form, even if this transaction could be legally finished as late as at the beginning of 2004, the decision made by the Board of Directors to include this income in the profit and loss account of the accounting period 2003 is adequate

In our opinion, the attached financial statements that are in accordance with the laws and regulations valid in Luxembourg give a true and fair view of the property and financial position of the company ORCO PROPERTY GROUP S.A. as of 31 December 2003 as well as results of the accounting period ended on this date.

Luxembourg and Paris, on 22 April 2004

Auditors

*HRT Révision S.à.r.l.
Dominique RANSQUIN*

*RSM SALUSTRO REYDEL
François BERNARD*

1.3 Statutory declaration of persons responsible for the prospectus

In accordance with § 2 letter c) of the Decree, hereby we, as persons responsible for this security prospectus of ORCO, declare that the information provided in this prospectus correspond to reality and no significant circumstance that could influence exact and correct assessment of the issuer and securities issued by it have not been omitted.

Luxembourg, on 17 January 2005

Arnaud Bricout
Member of the Board

Luc Leroi
Member of the Board

ORCO PROPERTY GROUP S.A.

1.4 Declaration of persons responsible for the prospectus of certificate of accounts

Since 1991, ORCO has never had any qualification at to its financial statements, except for one set forth in Chapter 1.2 hereof.

The companies Deloitte & Touche and RSM Salustro Reydel, the auditors of ORCO at that time, express their opinion „without qualification“ on the financial statements of 2001, as well as the companies HRT Revision and RSM Salustro Reydel on the financial statements of 2002.

ORCO would like to specify that its financial statements do not show any accounting incorrectness, only as far as there were any discrepancies between its two auditors regarding *zúčtování* the results of transfer in the accounting period 2003. Due to their complexity, these two transactions were finished on the legal level only during the first quarter of 2004, the company has not been exposed to any financial risk regarding not finishing these two transactions.

First transaction: Sale of land called the project KOSIC

On 19 December 2003, ORCO signed the contract with GECGE Kosik Investors S.a.r.l., belonging to the group General Electric, on the sale of land for the amount of EUR 4,000,000. Based on the accounting principle of preferring substance to form, ORCO has put this sale to accounts in the financial statements of 2003. The positive impact of this sale represents the amount of EUR 2,200,000 that has been taken into consideration in the final consolidation result of EUR 252,000.

This accounting option has been confirmed by HRT Révision, S.à.r.l. that has audited our financial statements without qualification. RSM Salustro Reydel wished so that this transaction was put to accounts in February 2004 for the reason that the contract concluded in December 2003 was „*non binding*“ and that according to the French accounting principles the contract cannot be recognised in the accounting period 2003.

The company ORCO emphasises that this type of contracts, regularly used in Central Europe, is still „*non binding*“. Further, ORCO specifies that as of today's date the maturity date has been met completely and as a consequence of that ORCO has not been exposed to any financial risk.

The second transaction: Sale of a building in the complex Americka

On 30 December 2003, ORCO signed with the institutional investor a preliminary agreement on the sale of building for EUR 5,400,000 EUR. An preliminary agreement assumes the payment in instalments, its first instalment is EUR 2,800,000.

HRT Révision S.à.r.l. has not cast doubts on the accounting decision taken by the company ORCO and approved fully the inclusion of profit realised from this transaction from the price of sale of EUR 5,400,000 in the accounting period of 2003, i.e. the amount of EUR 1,300,000. This amount is fully included in net consolidate profit of 2003 at the amount of EUR 252,000.

RSM Salustro Reydel has not cast doubts on putting of this transfer, but required so that only the amount corresponding to the first instalment of EUR 2,800,000 would be included in the accounting period of 2003. The remaining part, i.e. the amount of EUR 2,600,000, should be,

again according to the French accounting principles, included in the accounting period of 2004.

All details and conditions of instalments are specified in Chapter „Consolidated financial statements“ in note 20 and in the additional information as to note 20 at the end of presentation of the consolidated financial statements.

Due to a lack of time during our audit, the analysis of translation differences due to the change in accounting method as set forth in note 2 of the consolidated financial statements and in note 9, has led HRT Révision S.à.r.l. to expressing a qualification regarding the maximum amount of EUR 485,000, while RSM Salustro Reydel has not commented on the total amount of adjustment, i.e. EUR 3,900,000, as set forth in note 9 of the consolidated financial statements.

The financial impacts of disputable accounting issues:

Amounts in EUR mil	RSM Salustro Reydel	HRT Révision S.à.r.l.
Published economic result 2003	0.252	0.252
Transaction KOSIC a Americká	- 3.500	
Translation difference	- 3.900**	- 0.485*
Economic result according to each auditor	- 7,148	- 0.233

* amount that is the subject of qualification from HRT Révision S.à.r.l.

** amount of the maximum impact determined by the company RSM Salustro Reydel, as set forth in note 9 of the consolidated financial statements.

Therefore, based on the mentioned facts, in accordance with § 2 letter d) of the Decree we declare that the financial statements of the last 3 periods have been audited by an auditor and that the auditor’s statement included in this prospectus corresponds to the reality (with the above-mentioned explanation).

Luxembourg, on 17 January 2005

Arnaud Bricout
Member of the Board

Luc Leroi
Member of the Board

ORCO PROPERTY GROUP S.A.

1.5 Statutory declaration and other information of the issuer

Hereby ORCO, in accordance with Art. 6 para. 3 letter a) point (i) of the Stock Exchange Rules of the Prague Stock Exchange, a.s., Part III – Conditions of the admission of security to trading on the primary and secondary markets, of 15 December 2004 (hereinafter referred to as the „rules“) says that it does not take any responsibility for correctness of this the prospectus.

At the same time, ORCO, in accordance with Art. 6 para. 3 letter a) point (iii) of the rules, informs that by the admission of the securities described in this prospectus to stock exchange trading on the primary or secondary markets, the Prague Stock Exchange, a.s. does not take any obligations from such securities.

Further, ORCO, in accordance with Art. 6 para. 3 letter f) of the rules, says that in addition to the information provided in this prospectus, no other information is needed so that the information provided in this prospectus would not be considered deceptive.

Luxembourg, on 17 January 2005

Arnaud Bricout
Member of the Board

Luc Leroi
Member of the Board

ORCO PROPERTY GROUP S.A.

1.6 Bank's statement on the prospect certification

Česká spořitelna, a.s., with the registered office at Prague 4, Olbrachtova 1929/62, postal code: 140 00, IČ 45244782, entered in the Business Register maintained with the Municipal Court in Prague, Section B, Insert 1171 (hereinafter also referred to as the „verifying member of the stock exchange“), has compared this prospectus of the below-defined shares and bonds (hereinafter also referred to as „the prospectus“) of the issuer ORCO PROPERTY GROUP S.A., with the registered office at 8, Boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxembourg, entered in the Business Register maintained with the Commercial Court in Luxembourg in the Grand-Duchy of Luxembourg, under Ref. No. B. 44996 (hereinafter also referred to as the „issuer“) with the Decree of the Czech Securities Commission No. 263/2004 Coll. that specifies the minimum requirements of the security prospectus of abridged security prospectus of and the stock exchange regulation „Conditions of the admission of a security to exchange trading on the primary and secondary markets of the stock exchange“ (collectively also referred to as the „regulations regulating the minimum requirements of the prospectus“) for the purposes of verification of the prospectus pursuant to Art. 6 para. 3 letter (a)(ii) of the stock exchange regulation „Conditions of the admission of a security to exchange trading on the primary and secondary markets of the stock exchange“.

Based on the mentioned comparison the verifying member of the stock exchange says that in its opinion the prospectus includes all relevant information required by the regulations regulating minimum requirements of the prospectus with the exception of information whose not including in the prospectus has been allowed by the Czech Securities Commission pursuant to section 51(5) of the Act No. 256/2004 Coll., on Doing Business on the Capital Market and/or Stock Exchange pursuant to Art. 2 para. 1 of the stock exchange regulation „Conditions of the admission of a security to exchange trading on the primary and secondary markets of the stock exchange“.

All information included in the prospectus has been provided by the issuer and the verifying member of the stock exchange has not verified such information nor examine otherwise in terms of their exactness, correctness or completeness and does not guarantee them in any respect. The issuer is responsible for exactness, truthfulness and completeness of the information included in the prospectus. „Shares“ according to this prospectus are understood shares of the issuer of 4,622,824 pieces without nominal value, ISIN LU0122624777, traded on the secondary market (*Second Marche*) of the stock exchange EURONEXT in Paris and in the case of regular admission to exchange trading, also on the stock exchange. „Bonds“ according to this prospectus are understood bonds without preferential subscription rights in nominal value of EUR 32.40 and interest of 5.5 % p. a. issued by the issuer in the number of 1,001,563 pieces and traded on the secondary market of the stock exchange EURONEXT in Paris, ISIN FR0010108704.

In Prague, on 17 January 2005

For Česká spořitelna, a.s.

Mgr. Markéta Mühlhoferová
Department Capital Markets and Financial Institutions
based on the power of attorney

Chapter 2: Basic information on the issuer

2.1 Issuer's business firm and registered office

Issuer's business firm: ORCO PROPERTY GROUP S.A.

Issuer's registered office: 8, Boulevard Emmanuel Servais
L-2535 Luxembourg
the Grand-Duchy of Luxembourg

2.2 Issuer's establishment date

The company ORCO was incorporated on September 9, 1993 for an unlimited term.

2.3 Legal form of the issuer and legal order according to which it has been established

ORCO is a joint-stock company in accordance with the Luxembourg law („*société anonyme*“) and is governed especially by the Act of 10 August 1915 on trading companies, as amended. As a result of listing of the company ORCO on the secondary market of the stock exchange EURONEXT in Paris, further some provisions of the French stock exchange law apply to it, especially the provisions on foreign issuers in the regulations of the French Commission des opérations de bourse (hereinafter referred to as „COB“) No. 98-07 concerning the duty in inform the public, Regulation COB No. 90-04 changed by the Regulation COB No. 98-03 on determining rates, Regulation COB No. 98-02 on information that has to be disclosed at the occasion of programmes of purchase of securities admitted to trading on a regulated market , Regulation COB No. 98-01, further also generally usable rules for the secondary market EURONEXT of the Stock Exchange in Paris.

2.4 The issuer's subject of enterprise

In accordance with Art. 4 of ORCO Article of Association, ORCO's subject of enterprise is direct getting possession of real estates, shares and granting loans to companies that are a part of the group, especially:

- investment in real estates, such as purchase, sale, construction, betterment, administration and lease of real estates, similarly as construction business, either directly or through their subsidiaries,
- investment in hospitality, such as purchase, sale, construction, betterment, administration and operation of hotels either directly or through subsidiaries,
- obtaining interests in any form in all commercial, industrial, financial or other enterprises, either in Luxembourg or abroad, that are or are not a part of the group, obtaining all securities and rights through participations, deposit, subscription, obtaining interests, fixed take over purchase option, through trading any in other way, especially obtaining patents and licences, their administration and revaluation, providing all assistances, loans, advance payments or guarantees to enterprises where it has its interests or in which it is interested, directly or indirectly, and finally all activities and all operations generally that are connected, directly or indirectly, with the subject of enterprise.

In accordance with Art. 4 of ORCO Articles of Association, the company ORCO is also authorised to manage and control enterprises whose is an owner, and to be interested in them financially. Further, the company ORCO can conduct all operations in the spheres of business, finances, movable and immovable property, that have direct or indirect connection with the above-mentioned activities and that contribute to their realisation.

2.5 Register court of the issuer and changes in the entry in the Commercial Register

The company ORCO is entered in the Business Register maintained with the Commercial Court in Luxembourg in the Grand-Duchy of Luxembourg, under Ref. No. B.44996. In accordance with Art. 6 para. 3 letter c) of the rules, the company ORCO says that since the entry of last changes in the Commercial Register of the company ORCO, a change has been made in subscribed share capital of the company ORCO – the current amount of share capital of the company ORCO is specified in Chapter 3.1 hereof.

In accordance with Art. 28 of ORCO Articles of Association, all litigations regarding ORCO or its liquidation, i.e. litigations between shareholders, members of the Board of Directors and ORCO, or among shareholders, solved exclusively by the Luxembourg courts and in accordance with the Luxembourg law.

2.6 Issuer's place for public relation

All documents and material mentioned in the prospectus and regarding the issuer can be inspected on the following places:

ORCO PROPERTY GROUP S.A.
8, Boulevard Emmanuel Servais
L-2535 Luxemburg
the Grand-Duchy of Luxembourg

ORCO Prague, a.s.
Anglická 26
120 00 Prague 2
Czech Republic

The company ORCO publishes other information also in the Internet at the address:
<http://www.orcogroup.com/>.

Chapter 3: Information on the issuer's share capital

3.1 The issuer's share capital

As of the date of this prospectus, the company ORCO's share capital was EUR 18,953,578.40 divided into 4,622,824 shares, without specification of nominal value. All shares are of the same type (ordinary shares) and fully paid, while accounting pari¹ is 4.1 EUR per share. The company ORCO's shares can be name shares or own shares, at the shareholder's discretion, except for the situation when the law stipulates the obligatory form of shares. All shares issued as of the today's date are owner shares. This information has not changed as of the date of this prospectus.

3.2 Options issued by the issuer

The company ORCO has granted the below-described share options to 7 employees and directors that are described in detail in Chapter 6.5 hereof. Performance of all options not exercised as of this prospectus date would enable the acquisition of 24,000 shares, i.e. 0.52 % of share capital as of the same date. This information has not changed as of the date of this prospectus. The Luxembourg business law governing internal relationships of the company ORCO does not include any provision regarding subscription share options.

The share options exercised during the accounting periods of 2003 and 2004 by Mr Ott, Mr Pedretti and the company ORCO HOLDING S.A. as well as details on options not exercised so far of the remaining five employees and directors of the company ORCO are described in Chapter 6.5 hereof.

¹ Accounting pari amounts to the nominal value, i.e. share capital dividend by the number of shares

3.3 Structure of the issuer's group

In the issuer's group, the company ORCO holds the position of parent company that controls, directly or indirectly, a number of other companies.

So the company ORCO controls directly in the Czech Republic the companies AMERICKÁ – ORCO, a.s., Americká 1, a.s., Anglická 26, s.r.o., Belgická – Na Kozačce, s.r.o., Londýnská 26, a.s., Londýnská 41, s.r.o., MÁCHOVA - ORCO ,a.s., Mánesova 28, a.s., Nad Petruskou, s.r.o., ORCO Development, a.s., ORCO Investment, a.s., ORCO Prague, a.s., ORCO Project Management, s.r.o., ORCO Property Management, a.s., ORCO Reality, a.s., ORCO Strategy, a.s., ORCO Vinohrady, a.s., ORCO ALFA, s.r.o., ORCO ESTATE, s.r.o., ORCO TRADE, s.r.o., Londýnská 39, s.r.o., Záhřebská 35, s.r.o. and the company Americká 33, a.s., in France the company VINOHRADY S.a.r.l., in Slovakia the company ORCO Slovakia, s.r.o., ORCO Development, s.r.o. and ORCO Estates, s.r.o. and in Hungary the company Izabella 62-64 Kft., ORCO Budapest Rt., ORCO Project Szervező Rt., Révay 10 Kft and ORCO Vagyongkezelő Kft., where it holds 100% share in voting rights and share capital.

Indirectly, through the company Americká 33, a.s., the company ORCO controls the company IPB Real a.s., through which it further controls the companies 1. Sportovní, a.s., NOVÉ MEDLÁNKY, a.s., IPB Real development a.s., IPB Real reality, a.s., IPB Real, s.r.o., JIHOVÝCHODNÍ MĚSTO, a.s, where it holds 100% share in voting rights and share capital.

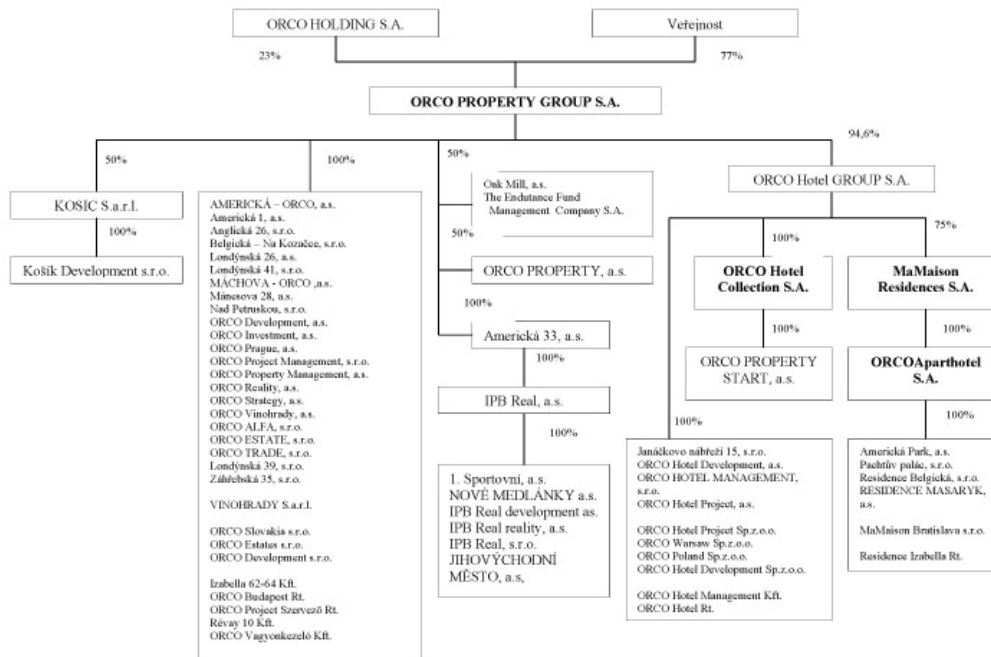
Further, the company ORCO controls directly the Luxembourg company ORCO HOTEL GROUP S.A. (the issuer's share in its share capital is and in voting rights is 94.6 %), through which it controls in the Czech Republic the companies Janáčkovo nábřeží 15, s.r.o., ORCO Hotel Development, a.s., ORCO HOTEL MANAGEMENT, s.r.o. a ORCO Hotel Project, a.s., in Poland the companies ORCO Hotel Project Sp. z.o.o., ORCO Warsaw Sp. z.o.o., ORCO Poland Sp. z.o.o. and ORCO Hotel Development Sp. z.o.o. and in Hungary the companies ORCO Hotel Management Kft. and ORCO Hotel Rt.

In additions to the above-mentioned, the company ORCO controls, through the company ORCO HOTEL GROUP S.A. the Luxembourg company ORCO HOTEL COLLECTION S.A. (the share in share capital and voting rights is 100 %), through which it further controls in the Czech Republic the company ORCO PROPERTY START, a.s. (the share in share capital and voting rights is 100 %). Further, the company ORCO of the company ORCO HOTEL GROUP S.A. controls the Luxembourg company MaMaison Résidences S.A. (the share in share capital and voting rights is 75 %), through which it controls another Luxembourg company ORCOAparthotel S.A. (the share in share capital and voting rights is 100 %), through which it controls in the Czech Republic the companies Americká Park, a.s., Pachtuv palác, s.r.o., Residence Belgická, s.r.o., RESIDENCE MASARYK, a.s. and MMR Management, s.r.o., further in the Slovak Republic the company MaMaison Bratislava, s.r.o. and in Hungary the company Residence Izabella Rt.

Further, the company ORCO has 50% share in share capital and voting rights in the company The Endurance Fund Management Company S.A. and KOSIC S.a.r.l. the Grand-Duchy of Luxembourg and in the Czech companies ORCO PROPERTY a.s. a Oak Mill, a.s. The company KOSIC S.a.r.l. is the only partner of the company Košík Development, s.r.o., where the company ORCO has also 50% share in share capital and voting rights. With respect to the fact that, however, it does not control these pursuant to § 66a et seq. of the Act No. 513/1991 Coll., the Commercial Code, as amended, they are not included in its group.

The identification information of all above-mentioned companies are provided in Chapter 5.8 hereof.

In the group of the company ORCO, no controlling contracts have been concluded nor contracts on transfer of profit. The structure of the group of the company ORCO is shown on the following picture:



3.4 Own securities acquired by the issuer

In accordance with the provisions of the Regulation COB No. 98-02 and 2000-06 to which it is subject, the company ORCO has issued a security selling offer in writing regarding the renewal of the previous programme of repurchase of own shares that has been approved by the French Commission des opérations de bourse (the Exchange Operation Commission) on 15 December 2003 under No. 03-1116. This programme was published on 17 December 2003 in the publication AGEFI in the Grand-Duchy of Luxembourg.

The purchase of own shares of the company ORCO is regulated by Art. 8 of the Articles of Association. According to this article, the company ORCO can repurchase its own shares, either directly or through a person acting in its name on the account of the company ORCO under the following conditions:

- the permission to purchase shares is granted by the general meeting that determines the conditions of planned purchase, and especially the maximum allowed number of repurchased shares, it also determines the period for which the permission to repurchase shares applies, while this period must not exceed 18 months, and in the case of acquisition of shares for consideration it determines the maximum and minimal countervalues,
- the nominal value, and if the nominal value is not determined, the book value of acquired shares, including the shares the company ORCO has already acquired before and that it has in its portfolio as well as the shares acquired by a person acting in its name on the account of the company ORCO, must not exceed 10 % of subscribed capital of the company ORCO,
- the acquisition of own shares must not cause decrease in net assets of the company ORCO to a value lower than the value of share capital of the company increased by reserves that cannot be divided by law or according to the articles of association, and
- this operation can relate only to fully paid shares;

the Board of Directors of the company ORCO controls the meeting of these conditions in accordance with Art. 8 of the Articles of Association of the company.

If the acquisition of own shares is necessary for the company ORCO in order to prevent serious and immediately threatening damages, the provision of the first point above shall not be applied. In such case, however, the nearest General Meeting of the company ORCO must be informed by the Board of Directors of the reasons and purpose of acquisition realised, of the number and nominal value of these shares, of the share they represent in share capital and of the countervalue of these shares, if the nominal value is not determined, then of the book value of shares acquired, of the share these shares represent in subscribed share capital and of the countervalue of these shares. Further, the provision of the first point above shall not be applied in the case that they are shares acquired by the company ORCO either directly or through a person acting in its name on the account of the company ORCO, while these shares have been purchased for the purpose of their division between the employees of the company; however, so acquired shares must be divided within 12 months from the day of their acquisition by the company ORCO.

As a part of the programme during the accounting period of 2003 (from 1 December 2002 to 8 December 2003), the company ORCO repurchased 120,126 own share for the total amount of EUR 2,350,439.68 and sold 78,657 own shares for the total amount of EUR 1,371,982.70. So during the accounting period of 2003 the transaction with own shares created on the accounts

of the company ORCO profit of EUR 5,400 and loss of EUR 407,000. In 2004, the programme of repurchase of own shares of the company ORCO was not realised.

None person where the company ORCO has direct or indirect interest exceeding 50 % in share capital and voting rights has acquired the issuer's securities.

3.5 Conditional increasing the issuer's share capital

The Extraordinary General Meeting of 18 May 2000 granted to the Board of Directors, in accordance with Article 32-3 (5) of the Luxembourg Trading Companies Act, all powers to increase capital within the allowed capital, i.e. minimally EUR 50,000,000 under the conditions and methods it determines, with the possibility to cancel or limit the preferential subscription right of shareholders regarding issuing new shares within the allowed capital.

The Board of Directors is entitled and authorised to realise capital increase, either at a time or gradually, by issuing new shares that will be paid in cash, deposits in kind, transformation of claims, transfer of convertible bonds to shares or, based on the approval by the Annual General Meeting, by capitalising profits or capital reserves. It is also entitled and authorised determine the place and date of the issue or follow-up issues, issue price, conditions and methods of subscription and payment of new shares. As of the date of the execution of this prospectus, the mentioned permission was used up to the amount of EUR 18,953,578.40, so the available balance for the Board of Directors is EUR 31,046,421.60, which corresponds to 7,572,297 pieces of shares without nominal value with accounting pari of EUR 4.1.

This permission terminates on 29 April 2009.

In accordance with Art. 6 para. 3 letter b) point v) of the rules, the company ORCO claims that in addition to the permissions specified in this chapter, there is no decision of the General Meeting or any right of the statutory body of the company ORCO in this chapter to make a decision on issuing shares or any rights related to the company's share capital (e.g. convertible bonds).

3.5.1 BSA vouchers

At its meeting on 5 November 2003, the Board of Directors of the company decided, within the permission specified in Chapter 3.5 hereof, on performing the issue of vouchers that give to their owners the right to subscribe new shares issued by the company to those shareholders who have given up their preferential share subscription right (hereinafter referred to as „BSA vouchers“).

On 17 November 2003, BSA vouchers were allocated free of charge to all owners of shares that create capital of the company ORCO as of the day of issue. BSA vouchers were allocated free of charge for the company ORCO shares held as of 14 November 2003, in the ration one BSA voucher per share.

Three BSA vouchers grant their owners the right to subscribe one new issued share for the unit price of EUR 23. The period for its exercise is determined from 17 November 2003 to 16 November 2006 inclusive. Therefore, the maximum number of shares that can be subscribed in this way was 1,013,191 pieces.

When closing the accounting period as of 31 December 2003, no BSA voucher was exercised. As of the day of execution of this prospectus, BSA vouchers were exercised leading to the creation of 1,003 shares.

The company ORCO is not subject to any duty regarding knowledge of BSA voucher holders, only the duty to notify of exceeding the threshold values applies to BSA voucher holders. According to what is known to the company ORCO, as of the day of execution of this prospectus only the company ORCO HOLDING S.A. held more than 10 % of issued BSA vouchers.

The mentioned allocation of BSA vouchers has been made only to those shareholders who owned shares of the company ORCO as of 14 November 2003. Since this date, no BSA vouchers have been allocated to shareholders of the company ORCO and the company does not expect any other allocation of BSA vouchers to neither current nor future shareholders in the nearest future; nevertheless it is expected that in the course of 2005 the company ORCO will also apply for listing of BSA vouchers at the Prague Stock Exchange – for this reason the basic information on BSA vouchers are provided below in Chapter 11 hereof.

3.6 Shares not constituting participation in the issuer's share capital

The company ORCO has not issued shares that do not constitute participation in its share capital.

3.7 Conditions for changes in the issuer's share capital

In accordance with Art. 5 of ORCO Articles of Association, the Board of Directors of the company ORCO is entitled and authorised:

- to increase share capital of the company ORCO (up to EUR 50,000,000) at a time or gradually, by issuing new shares paid by cash deposit, property deposit, transformation (with offsetting) of claims, transformation of convertible bonds to shares or based on the approval to increase share capital by the ordinary General Meeting of the company ORCO, by crediting profit or reserve funds to the company's share capital,
- to determine the date and place of the issue or issues, issue price, conditions of subscription and payment of new shares, or
- to cancel or limit the preferential share subscription right in case of the issue of new shares as a part of share capital increase of the company ORCO up to the specified amount.

3.8 Operations regarding share capital

In 1998 – 2004, many changes were made in share capital as well as in the number of shares into which it is divided. The summary of these changes is in accordance with § 7 para. 2 letter d) of the Decree and is shown in the following table:

Date	Type of operation	Share capital increase	Share premium	Share nominal value	Number of shares issued	Total number of shares	Share capital after operation
10/06/1998	Capital increase with deposit in cash	30,000 FRF	970,000 FRF	300 FRF	100	14,304	4,291,200 FRF
29/10/1999	Capital increase with deposit in cash	32,100 FRF	963,000 FRF	300 FRF	107	14,411	4,323,300 FRF
17/11/1999	Capital increase by including claim	64,500 FRF	1,935,500 FRF	300 FRF	215	14,626	4,387,800 FRF

Date	Type of operation	Share capital increase	Share premium	Share nominal value	Number of shares created	Total number of shares	Share capital after operation
15/03/2000	Conversion to EUR and capital increase by including share premium	3,880 EUR	-3,880 EUR	46 EUR		14,626	672,796 EUR
18/05/2000	Share capital increase by transfer of items: - share premium - transfer to new account and change in nominal value	5,323,864 EUR		4.1 EUR*	1,447,974	1,462,600	5,996,660 EUR
20/12/2000	Capital increase as a part of introducing to the stock exchange permission No.: 00-1940	2,464,481.30 EUR	7,754,099.70 EUR	4.1 EUR*	601,093	2,063,693	8,461,141.30 EUR
29/06/2001	Capital increase by public invitation for saving permission No.: 01-864	2,304,126.20 EUR	8,373,531.80 EUR	4.1 EUR*	561,982	2,625,675	10,756,267.50 EUR

31/03/2002	Capital increase by transfer of bonds to shares	509,634.10 EUR	1,062 773.55 EUR	4.1 EUR*	124,301	2 ,749,976	11,274 901.60 EUR
30/04/2002	Capital increase by transfer of bonds to shares	245,085.70 EUR	602,552.16 EUR	4.1 EUR*	59,777	2,809,753	11,519 987.30 EUR
31/05/2002	Capital increase by transfer of bonds to shares	324,560.10 EUR	676,826.55 EUR	4.1 EUR*	79,161	2,888,914	11,844,547.40 EUR
30/05/2003	Capital increase by share subscription through exercising share options	328,000 EUR	684,000 EUR	4.1 EUR*	80,000	2,968,914	12,172 547.40 EUR
06/06/2003	Capital increase by share subscription through exercising share options	57,400 EUR	119,700 EUR	4.1 EUR*	14,000	2,982,914	12,229 947.40 EUR
17/07/2003	Capital increase by reserve capitalisation	125,701.90 EUR	375,223 EUR	4.1 EUR*	30,659	3,013,573	12,355,649.30 EUR
10/09/2003	Capital increase by share subscription through exercising share options	106,600 EUR	222,300 EUR	4.1 EUR*	26,000	3,039,573	12,462,249.30 EUR
25/11/2003	Capital increase by issuing new shares permission 03-998	4,007,750 EUR	13,587,250 EUR	4.1 EUR*	977,500	4,017,073	16,469 999.30 EUR
22/03/2004	Capital increase by issuing new shares as a consequence of BSA exercise	106.60 EUR	491.40 EUR	4.1 EUR*	26	4,017,099	16,470,105.90 EUR
23/04/2004	Capital increase by issuing new shares as a consequence of exercising share options by ORCO HOLDING	164,000 EUR	342,000 EUR	4.1 EUR*	40,000	4,057,099	16,634,105.90 EUR

	S.A.						
07/06/2004	Capital increase by partial including transferred results due to dividend for shares	224,532.40 EUR		4.1 EUR*	54,764	4,111,863	16,858,638.30 EUR
21/06/2004	Capital increase as a consequence of BSA exercise	873.30 EUR	4,025.70 EUR	4.1 EUR*	213	4,112,076	16,859,511.60 EUR
22/06/2004	Reserved capital increase	615,000 EUR	2,985,000 EUR	4.1 EUR*	150,000	4,262,076	17,474,511.60 EUR
22/11/2004	Capital increase by non-monetary deposit as a consequence of BSA exercise and as a consequence of share options exercise	1,479,066.80 EUR		4.1 EUR*	360,748	4,622,824	18,953,578.40 EUR

* Accounting pari, as there is no nominal value since the decision of the General Meeting of 18 May 2000.

No other changes in share capital by subscription of new shares nor their placement with the public are expected in the nearest future.

3.9 Persons controlling the issuer

The company ORCO does not know any persons that could control it (individually) and the company ORCO does not have any information either of the existence of controlling contract or another arrangement of shareholders that would enable several persons to control the issuer by acting in agreement.

3.10 Persons with share in the issuer's voting rights

As far as the company ORCO knows, no shareholder owns more than 10 % of shares (according to the Luxembourg regulations on exceeding threshold value) constituting the issuer's share capital, except for the company ORCO HOLDING S.A. and Mr Bernard Gauthier. As of 23 November 2004, the company ORCO conducted TPI survey (identifiable bearer security), according to which no other person that would hold at least 5% share in voting rights of the company ORCO. The companies of the company Pictet & Cie, Credit Lyonnais Suisse, IDE France Dynamisme and Goldman Sachs International reach such a share pursuant to § 7 para. 2 letter f) of the Decree, but they are only security depositories for their clients and in the table these their shares are included in the item „Others“. Total division of the issuer's voting rights is shown in the following table:

Shareholder	Number of shares	Share in share capital	Share in voting rights
ORCO HOLDING S.A. with the registered office at 31, rue Notre Dame, L-2240 Luxembourg, the Grand- Duchy of Luxembourg	991,967	21.45 %	21.56 %
Bernard Gauthier, residing at 44, avenue de la Bourdonnais, F-75007 Paris, France	469,230	10.15 %	10.20 %
Lux G-I S.A. with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand- Duchy of Luxembourg	205,614	4.45 %	4.46 %
Others (public)	2,934,848	63.49 %	63.78 %
Total	4,601,659*	99.54 %	100.0 %

*In addition to the above-mentioned, the company ORCO held as of the date of this prospectus execution its shares in the number of 21,165 pieces, which represents 0.46 % of share capital of the company ORCO; with respect to the fact that they are own shares, the company ORCO does not exercise voting rights.

4.1 Main sphere of the issuer's activity

The company ORCO develops, leases and administers a diversified portfolio in Central Europe, especially:

- it leases office buildings to big international companies, apartments with services of high quality leased especially to international clientele,
- middle-class apartments sold in the Czech Republic under Ref. No. IPB Real,
- hotel residences under the brand „MaMaison Residences“, and
- luxury hotels with the brand „Orco Hotel Collection“.

Established in Central Europe since 1991, ORCO has created a strong identity in terms of design, architecture and the control of its professions and market segments. With the integration of IPB Real, ORCO is now well-positioned on the property development market in Prague as well as other large regional towns of the Czech Republic and has enlarged its customer-base.

Historically, ORCO's development started especially in Prague with acquisitions in the office and residential sectors. Since 1999, the company has developed its hospitality business activities with extended-stay hotels followed by luxury hotels. Today, all large international groups in both hospitality and real-estate are involved in Central Europe and competition exists in every one of these sectors. Nevertheless, Orco has imposed its own individual stamp in so far as it enjoys a presence throughout the region with four distinct but complementary products. Moreover, the team's experience since 1991 has enabled the group to create a local brand image, to develop strong partnerships and thereby control acquisition and development costs.

In 2003, ORCO's know-how was strengthened by the takeover of IPB Real which has one of the best sales forces in the Czech Republic. At the same time, the group started its first investment in Bratislava - Slovakia with the opening of two hotel residences under the brand MaMaison Residences scheduled in 2004. Priority is given to the Czech Republic as far as the group's investments are concerned.

Central Europe remains a privileged area for the company ORCO to invest in. Costs remain attractive here, approximately four times cheaper than in Western Europe. Investors are pouring in and the emerging middle class is spending. In 2003, foreign companies invested some EUR 30 billion in the region, four times more than in Russia. GDP average growth rate for the whole region reached 3.3% in 2003 and is forecast to exceed 4% in 2004. Moreover, the entrance into the European Union has also speeded up reforms and privatizations for sectors that remain unchanged as well as exchange volumes between Western Europe, Central and Eastern Europe. Of course, building up property assets is decisive in this development, acquisition of ownership being the first step in both the capital cities and other big towns in a certain country. The positioning of the group of the company ORCO (including IPB Real Group) is perfectly in line with this long-term trend.

Since 2004, ORCO has been interested in positioning itself in new segments and new countries. As a real estate owner and developer, ORCO is now mainly positioned in Prague and some Czech towns as well as in Budapest (Hungary), Warsaw (Poland) and Bratislava

(Slovakia). Subsequent acquisitions, especially by externalising a portfolio, could enable the company ORCO to strengthen its position especially in Poland, and further the company ORCO is planning to transfer and strengthen the brand IPB Real especially to Slovakia, especially by building residence complexes in Bratislava and other cities.

On the other hand, MaMaison Residences is the group’s preferred investment vehicle for setting up in new territories. Kiev, Moscow, Sofia, Belgrade, but also Kazakhstan could present medium term investment opportunities. Furthermore, ORCO HOTEL COLLECTION S.A. could take on new establishments most notably in Moscow.

Managing all professions related to real estates (as shown in the following picture), but mainly creating the land fund and real estate activity ensure the company ORCO an important position on the real estate market both in the Czech Republic and in neighbouring countries. In its projects, the company ORCO cooperates both with international and local lawyer’s offices, which guarantees an additional protection for shareholders of the company. The company ORCO cooperates mainly with SALANS lawyer’s office, an international lawyer’s office specialising mainly in real estates and financing, Linklaters, an international lawyer’s office specialising mainly in finance and banking, and a lot of local lawyer’s offices in the respective countries.



Diversified portfolio

Presence in major countries of Central Europe

Investors are becoming more and more aware of Central Europe. Characteristics of markets of three most important countries of this region are balanced thanks to Euro that is pushing through as a reference currency. Big capital cities are now recognised as full-value places for investing, whatever market segment is concerned, even if the office market is most advanced.

As far as investments in real estates are concerned, they have been growing considerably already six years in Central and Eastern Europe with a record of CZK 1.35 billion in 2003. Since 1998, Poland, the Czech Republic and Hungary have won cca 96 % of these investments. In 2003, the Czech Republic won only for itself more than EUR 618 million. Further, even if rent of Class A offices (the highest standard) decreased in Europe on average by 12 %, cities were growing, especially the Brussels and Prague, by 10 % and 3 %, respectively. The summary overview of basic ratios is given in the following table:

Office market	Prague	Budapest	Warsaw
Total area (mil. sq. metres)	1.4	1.6	1.9
Average monthly price per m2	18 EUR	18 EUR	22 EUR
Total rate of non-vacancy rate	12.6 %	16.9 %	14.3 %
Revenues (Class A offices)	8.7 %	8.8 %	9.2 %

Nevertheless, today the office market that it the most developed in these countries has a large heterogeneity of its offer, more than ever before. The demand is also developing with local companies now requiring offices being class A so far but now being better as extraordinary modern complexes have been put on the market. However, these transactions have been decreasing for this type. Finally, it is necessary to mention joint characteristics of these markets: mini-effects of internal cycles of every town. It is usual that some quarters are especially valued for the period of one or two years, then there is some slow-down followed by recovery. In overall, trends of one year are not necessarily long-term trends.

The brief characteristics of property markets in the Czech Republic, Hungary and Poland are given below:

Czech Republic

2003 Key Figures

GDP Growth: 2.8 %

Inflation rate: 0.1%

Direct foreign investments: USD 5 billion

Property markets in Prague

Offices

2003 was a mixed year: difficult for assets located in old renovated buildings but dynamic for new buildings. A large number of head offices located in Prague for a long time moved out to more spacious and often less central areas. Despite a record year with a 30% rise in the number of sq. metres placed, the vacancy rate has nevertheless increased.

The market, however, has absorbed some 200,000 sq. metres of which nearly 77% are Class A offices and approximately 133 000 sq. metres were delivered in 2003, one third in Prague 4. Demand for new premises remains steady with over 150,000 sq. metres set for delivery in 2004. This should accentuate the difference between ultra modern assets and Class A assets located in the centre of Prague but offering fewer services.

Residential

The market is particularly dynamic, especially for medium range property aimed at the local customer base for which ORCO positioned itself by acquiring IPB Real a.s. As concerns the high end of the market where ORCO is active, the customer base tends to be renewed with increasing frequency generating important turnover (for renting market). A much higher grade of Czech customer is emerging alongside an international clientele made up of private individuals wanting to invest directly in Prague.

Hungary

2003 Key Figures

GDP Growth: 2.8 %

Inflation rate: 4.7%

Direct foreign investments: USD 0.8 billion

Property markets in Budapest

Offices

The vacancy rate, although down 1% compared to 2002, is still the highest in the region due largely to the delivery of 135,000 sq. metres of new office space, a sign the market remains dynamic. Areas outside the city centre are proving the most popular with 45% and a total of 140,000 sq. metres placed in 2003, representing a 5% rise over 2002.

Rental prices have remained steady for 12 months ranging between EUR 11 and EUR 16 per sq. metre and EUR 18 for upmarket assets. But Budapest is still the cheapest city.

Overall prospects for 2004 look stable. The vacancy rate should fall since only 75,000 sq. metres of offices are due for delivery.

Poland

2003 Key Figures

GDP Growth: 3.6 %

Inflation rate: 0.8%

Direct foreign investments: USD 7 billion

Property markets in Warsaw

Offices

Whereas the country as a whole showed signs of recovery at the end of the year, the number of transactions in Warsaw fell in 2003.

A total 180,000 sq. metres were delivered, 96,000 in the city centre, whereas over 270,000 sq. metres were actually placed over the year. The overall vacancy rate is falling with an average of 14.3%, but the market here again is not particularly even: over 17% in the city centre against 11.6% outside. The situation was reversed in 2002.

2004 should see the delivery of 156,000 sq. metres.

With its important new projects in the sphere of accommodation, the company ORCO wants (including the company IPB Real a.s.) to hold its leading position on the market. Especially the selling power of the company IPB Real a.s. is famous - in 2003 it was:

- more than 16,000 visits, of which more than 12,000 were new potential clients,
- 610 purchase contracts of the total value of nearly EUR 26.6 million,
- 777 promises to sell (letters of intent) signed for the amount of nearly EUR 43 million.

In 2004, the company IPB Real a.s. is planning to finish and deliver 750 apartments, of which 670 were already sold at the end of 2003. According to the VEFA principle (the sale in the future condition of completion), the projects are developed in several phases and sold on an on-going basis. The average selling price is as follows:

- EUR 740 per m² in Brno, and
- EUR 840 per m² for a house on the outskirts of Prague

On average, apartments in Prague are sold for from EUR 1,000 to 1,400 per sq. metre, according to its location. In Prague and Brno several projects are in progress now. They are always residential buildings, apartments and houses, sometimes also with business premises. The company ORCO intends to strengthen this sphere further.

4.1.1 The issuer's projects in progress

IPB Real projects in progress

Zelene Udoli - Prague 4

Initiated in 2001, the programme combines apartments and 44 individual houses located near a forest. The programme is in the last of 6 phases with completion of 174 apartments set for May 2004 and the remaining 120 units in the second quarter of 2005.

Kbely/Modra cesta - Prague 9

This is the project with 56 apartments in four buildings in a leafy area 8 kilometres from the town centre. Construction started in autumn 2004.

Tyrsov Vrch/Michle – Prague 4

This project with 55 apartments is located near the city centre, more upmarket than the other IPB Real products. Construction should begin in spring 2005.

Klanovický Les – Prague 9

Consisting exclusively of houses on the edge of a forest about 20 kilometres from the city centre, the development will supplement the supply of mainly apartments. Several phases have already been completed with 29 houses under construction since January 2004. Subject to a final building permit, a further 30 more houses could be developed starting in the first quarter of 2005.

Slunecny vrsek / Kosik – Prague 10

This is a joint venture with GE Capital Golub and is located near an existing IPB Real development which has been a great success. 1,236 apartments are to be built on a 85,000 sq. metre site with a further 9,500 sq. metres slated for commercial development. Work on the first phase of 569 apartments began in September 2004.

Sterboholý – Prague 10

Eight townhouses on three floors is converted into 136 apartments over a large area of more than 16,000 sq. metres. Work should begin in the fourth quarter of 2004.

Hagibor - Prague 10

Building permission has been granted for a 26,000 sq. metre site less than three kilometres from the historic city centre near the Luxembourg Plaza development.

Medlánky - Brno

Following on the success of the “Lesna” project comprising 163 apartments, construction in the Czech Republic’s second city of 84 more apartments and 1,646 sq. metres of commercial property begun in September 2004. The site is located on the edge of a protected area near housing estates, but less than five kilometres from the centre of Brno.

Plachta - Hradec Králové

IPB Real a.s. won the tender at the beginning of 2004 for the construction of 400 apartments in this regional town. Work started in summer 2004.

Orco projects in progress

Offices and hospitality business projects, Prague’s Luxembourg Plaza

The 30,000 sq. metre site is ideally situated in Prague’s Vinohrady district near the metro Flora and the new Flora Plaza business centre and is a joint project of ORCO and TriGránit Development Corporation, each of them being 50 % shareholder of the project company ORCO PROPERTY a.s. established for the purpose of construction and running the complex Luxembourg Plaza. It’s also close to a piece of land purchased through IPB Real. Luxembourg Plaza comprises 21,000 sq. metres of upmarket office space, a three-star hotel with 161 “Courtyard Marriott” rooms and a 406-space parking. Work started in January 2004 without firm advance rentals. However, our confidence in the project is derived from revenue guaranteed by the contract with Marriott as well as the quality and location of the project which is in line with existing demand. The 6,000 sq. metre site was acquired for EUR 3.1 million and valued by DTZ at more than EUR 16 million on December 31, 2003 (hotel and offices). This represents already now the creation of a big value for ORCO shareholders. The project delivery date is set for spring 2006. Other information can also be found on the Internet pages of the project <http://www.luxembourgplaza.cz/>.

Pachtuv Palace Residence in Prague

Orco was granted building permission in March 2003 for 51 super luxury apartments for our subsidiary MaMaison Residences. The old palace enjoys a superb setting at the foot of the Charles Bridge. Lengthy renovations began in April 2003 and have been prolonged due to serious constraints from the national heritage protection services. Total investments for this project unique in Prague, is put at EUR18.3 million of which EUR 11million was spent on acquisition. The opening was in October 2004.

Sulekova Residence in Bratislava

This is ORCO PROPERTY GROUP’s maiden project in Slovakia. ORCO spent a long time locating the right site and building for this, its first extended-stay hotel in Bratislava. Slovakia has enjoyed exceptionally strong economic conditions over the past two years thanks to serious financial reforms and privatizations. GDP grew by 3.5% in 2003 and the rate of unemployment was falling. Bratislava boasts a beautiful historic town centre with considerable tourist attractions throughout the rest of the country. As such, Slovakia has attracted many foreign investors, especially the car manufacturers Hyundai/KIA and Peugeot located near the city. The Sulekova residence will consist of 32 apartments and will open in the autumn of 2004 in ideal surroundings – a much sought-after residential quarter close to the

centre. The apartments are for long-term leases with half the total investment of EUR 2.8 million being financed from loans.

The villas of Dubovy Mlyn in Prague

Total investment for 12 luxury houses and five villas split into apartments is estimated at EUR 8.2 million with profit on sales put at EUR 1.4million, i.e. an overall margin of nearly 17.7%. ORCO secured financing on the basis of pre-sales of 30% of the project. More detailed information can also be found on the Internet at <http://www.dubovymlyn.cz/>.

4.1.2 Risks connected with investing in the issuer's securities

Market risk

The company ORCO does not pursue the policy of speculations with lands. Even if the activities of the group of the company ORCO are focused on one geographical market, i.e. Central Europe, they consist in several sectors of activities (especially residence buildings, hospitality, offices) and in more countries that are subject to various cycles. Thus, the group is not dependent on one sector, on the contrary, it makes use of potential effects of the cycle for its investment.

The relations of the company ORCO with its suppliers (external services of maintenance, architects, control authorities, constructors) are regulated by exact type contracts. Selection procedures are always carried out. On principle, the company ORCO does not provide its suppliers with exclusivity to maintain certain competition all the time, but keeps a certain quality for the participants. The construction business team organises construction activities systematically. The following table shows (without any identification by business firm) five biggest suppliers of the company ORCO for the period from 2001 to 2003, while the first three suppliers represent cca 40.28 % of turnover including activation.

Suppliers	2001	% of turnover	% turnover with activation	2002	% of turnover	% turnover with activation	2003	% of turnover	% turnover with activation
1	1,204	15.00 %	12.50 %	4,775	47.47 %	41.82 %	8,364	36.72 %	35.07 %
2	443	5.50 %	4.60 %	1,694	16.84 %	14.83 %	631	2.77 %	2.65 %
3	438	5.50 %	4.60 %	930	9.25 %	8.14 %	610	2.68 %	2.56 %
4	238	3.00 %	2.50 %	446	4.43 %	3.91 %	461	2.02 %	1.93 %
5	195	2.40 %	2.00 %	398	3.96 %	3.49 %	303	1.33 %	1.27 %
Total	2,518	31.40 %	26.20 %	8,243	84.83 %	74.73 %	10,369	45.52 %	43.48 %
Turnover	7,999	-	-	10,059	-	-	22,780	-	-
Turnover including activation	9,611	-	-	11,419	-	-	23,848	-	-

Currency risk

The company ORCO does not use any mechanisms for covering exchange rates. The following operations are carried out in the respective local currency according to performance place: wages and overhead costs, costs of building renovations, contracts on construction and possibly on purchase of buildings. Loans, operation sales, except for sale of buildings, are always carried out in EUR. Under these conditions, it is very difficult to calculate sensitivity of the result against movements of local currencies towards EUR, as it can depend on a

certain important operation. The development of the Czech crown exchange rate is the main factor explaining the development of exchange rate result. In terms of accounting, the applicable rules create putting to accounts as a result of still non-realised losses and profits. As a consequence, currency risk is basically two-sided and is not connected with the transaction. More detailed information on currency risk can be found in note 3 in Chapter 5.1.1 hereof.

Interest rate risk

As of 31 December 2003, 52 % of debts with banks had flexible interest rate, 48 % of these debts had flexible interest rate depending on EURIBOR rate for the reference period from 3 months to one year increased by a fixed margin. The flexible rates are used for the last funds raised for the newest projects. The flexible rates enable to take advantage of the decrease in rates. On the contrary, the fixed rates do not always enable the group to use decrease in rates, but protect it against from its possible increase. With respect to the nature of these rates, any variation up or down by 1 % with respect to the reference rate would mean increase or decrease in annual indebtedness by cca EUR 370,000. This amount is fixed based on debt with flexible interest rate as of 31 December 2003. Interest rate risk is further discussed in note 20 in Chapter 5.1.1 hereof.

Liquidity risk

With respect to the nature of its assets, the group ORCO is naturally exposed to liquidity risk. However, this risk is minimal in short- and middle-term due to the fact that credit maturities largely fall on 2010 at first. Real risk that the company ORCO must face and that cannot be insured is operational income risk; this operational income must be sufficient (due to collection of rent or selling prices of real estates) in order to be able to meet due interests and capital payment. The contracts based on which the companies of the group ORCO draw upon credits do not include clauses on early enforceability connected with special financial conditions. The table in note 20 in Chapter 5.1.1 hereof includes the characteristics of the respective credits and specifies also their maturity dates.

Risk connected with the economic development and political risk

The company ORCO develops its activity in the countries that became members of the European Union on 1 May 2004. They are economically and politically stable countries, and therefore the mentioned risk is minimal.

Ecological risk

In its insurance contracts, the group of the company ORCO is insured against damages connected with land contamination. It is necessary to note that in this respect its property is insured both against damages and operational loss for the period of one year. As far as constructions and renovations are concerned, insurance is transferred to service providers (constructor or general supplier).

Risk connected with real estate markets and cyclical activity

Globally, the region, where the company ORCO operates, is qualified as politically and economically stable, its integration in the European Union provides new guarantees. Moreover, as it has already been said, the group of the company ORCO operates on various markets both within countries and within sectors (residential houses, offices, hospitality), and thus limits cyclical effects and, on the contrary, tries to use them. Nevertheless, the group of the company ORCO can be subject, as any other activity, to consequences of the world recession and slowing down in tourist industry that concerns hospitality activities.

4.2 Information on the issuer's sales

Sales of the company ORCO for the last three accounting periods are shown in the following table; their division according to the types of activities of the company ORCO and according to the geographical spheres of its business activities are shown in note 13 to Chapter 5.1.1 hereof

Accounting period ended on:	31.12.2003	31.12.2002	31.12.2001
Sales of main activity	22,780	10,059	7,999
of which:			
Offices	2,091	3,330	2,351
Residential	1,446	1,474	1,417
Aparthotels	1,296	1,467	751
Hotel	4,954	3,665	1,471
Others services	427	123	73
Yield from the sale of buildings in stock	12,565	0	1,936
Other sales	3,026	3,855	1,350
of which:			
Sales on fixed assets disposal	2,455	3,338	2
Reversal of operating provisions	248	471	1,185
Other sales	322	46	163

(figures are in thous. EUR)

4.3 Summary description of real estates owned by the issuer

The overwhelming part of share in the total turnover of the company ORCO are incomes from subsidiaries of the company ORCO established in the Czech Republic. All these companies have their registered offices at Anglická 26 in Prague 2, in the building ORCO HOUSE. The subsidiaries of the company ORCO have their registered offices at the following addresses:

Budapest: Révay utca 10, H-1065 Budapest, Hungary
Paris: 40, rue la Pérouse, F-75116 Paris, France
Warsaw: Nám. Dabrowskiego 1, 00-057 Warszawa, Poland
Bratislava: Zelená 10, 811 02 Bratislava, Slovak Republic

The following tables provide the summery overview of property owned by ORCO, or any of its subsidiaries:

Czech Republic

Americká 13	Prague 2	Residential
Americká 33	Prague 2	Residential
Na Kozačce 1	Prague 2	Residential
Nad Petruskou 8	Prague 2	Residential
Belgická 36	Prague 2	Residential
Zahřebská 35	Prague 2	Residential
Rybalkova 12	Prague 2	Residential
Londýnská 26	Prague 2	Residential
Americká Park	Prague 2	Residential

Máchova 18	Prague 2	Offices
Americká 11	Prague 2	Offices
Anglická 26	Prague 2	Offices
Londýnská 41	Prague 2	Offices
Mánesova 28	Prague 2	Offices
Belgická 40	Prague 2	Offices

Residence Masaryk	Prague 2	Residence
Residence Belgická	Prague 2	Residence
Pachtuv Palác	Prague 1	Residence
Americká Park Hotel	Prague 2	Residence
Riverside Hotel	Prague 1	Hotel
Imperial Hotel	Ostrava	Hotel

Luxembourg Plaza	offices and hotel
Londýnská 39	health-service facility
Hagibor	site with zoning and planning decision for 16,000 sq. metres of offices
Dubový Mlýn	residential development
Újezd nad Lesy (etapy IV a V)	residential development
Palouk, Prague 3 (etapa IV)	residential development
Zelené údolí, Prague 4 (etapy C5, C6 a E+)	residential development
Vinohrad u Rokytky, Prague 9	residential development
Brno – Lesná	residential development
Hradec Králové – Plachta	residential development
Čestlice	plot of land
Košík (Slunečný Vršek), Prague 10	plot of land
Michle, Prague 4	plot of land
Brno – Medlánky (etapy I a II)	plot of land
Kbely, Prague 9	plot of land
Štěrboholy, Prague 15	plot of land
Řepy, Prague 6	plot of land
Ostrava – Podkova	plot of land

Hungary (all the mentioned real estates are located in Bratislava)

Révay utca 10	offices
Andrássy Hotel, Andrassy Ut	hotel
Izabella Utca 61	residence
Szekely M. Utca 16.	offices
Atronyx Office Building	offices
Andrassy 68 / Izabella 62	residential development

Poland (all the mentioned real estates are located in Warsaw)

La Regina, Koscielna ul. 12	hotel
Diana Residence	residence
Zlota 44-46	business premises and offices
Majolikowa	plot of land

Slovakia

Residence Šulekova, Bratislava	residence
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4.4 The issuer's dependence on patents or licences

In its activity, ORCO is not dependent on patents or licences, industrial, business or financial contracts or new production processes, however, it is an owner of more trade marks that serve for distinguishing products and services offered by the company ORCO from products and services offered by its competitors.

All trade marks necessary for activities of the group of the company ORCO are registered in its name in Benelux, all countries of the European Union, and further in Bosnia and Herzegovina, Croatia and Rumania.

ORCO HOTEL GROUP S.A. has also registered the trade mark „Andrassy“ in Benelux, in all countries that are members of the European Union, and further in Bosnia and Herzegovina, Croatia and Rumania.

MaMaison Résidences S.A. has registered the trade marks „MaMaison“ and „MaMaison Residences“ in Benelux and proceedings on their registration is also led in all other countries of the European Union, and further in Bosnia and Herzegovina, Croatia and Rumania.

All domains names in the Internet necessary for the activities of the group of the company ORCO are registered in its own name.

4.5 Extraordinary facts and litigations

The company ORCO is not a party to any judicial, administrative or arbitration proceedings that would or could have impact on the issuer's financial situation. A subsidiary of the company ORCO – the company ORCO Budapest Rt. – is a party to judicial proceedings on invalidity of ownership certificates (title of ownership) to a building it owns in Budapest. The

litigation is still in progress with the respective Hungarian court (see note 10 in Chapter 5.1.1).

As far as it is known to the company ORCO, there is no other judicial, administrative or arbitration proceedings or any extraordinary fact or event that would have or could have impact on activities, results, financial situation, property or perspective of the company ORCO or some of its subsidiaries.

4.6 Major investment of the issuer

In 2001, the company ORCO acquired the building at Koscielne ul. 12 in Warsaw for the amount of EUR 3,780,000, and in the period from 2001 to 2004 it invested another amount of EUR 11,280,000 in reconstructing this building and its transformation into the luxury hotel „Le Regina“; this investment was financed from a bank credit. Further, in 2001 the company ORCO invested EUR 6,700,000 in reconstructing Hotel Riverside at Janáčkovo náměstí 15 in Prague, the amount of EUR 15,600,000 in acquisition and reconstructing the residence Pachtuv Palac at ul. Karolíny Světlé in Prague, the amount of EUR 4,200,000 in acquisition and reconstructing Hotel Imperial in Ostrava – all these investments were financed from credits.

In 2002, the company ORCO continued in investments in reconstructing Pachtuv Palac and the project Dubový Mlýn (construction of luxury apartments and a house at Šárecké údolí in Prague 6) – this investment is still in progress and its amount is expected to reach at EUR 8,200,000; it is financed from a bank credit. At the same time, also investments continued in reconstructing the hotel Le Regina and the hotels Imperial and Riverside.

The most important investment of the company ORCO in 2003 was acquisition of companies belonging to the group IPB Real, a.s. The total value of this investment has reached the amount of EUR 18,700,000, of which EUR 13,000,000 was paid by the company ORCO for shares of the company IPB Real, a.s. (investment in financial assets) and the amount of EUR 5,700,000 for covering the existing debts of the company IPB Real, a.s. This investment was financed from proceeds of the sale of bonds issued in 2003 for this purpose.

In addition to the shares of the company IPB Real, a.s., the company ORCO did not acquire any other securities or bonds nor did not make any other investments in financial assets for the above-mentioned period.

4.7 Main investments carried out by the issuer

In 2004, the company ORCO carried out or finished a number of important investment in the Czech Republic and abroad that will bring to its shareholders a high value added in the following periods. They are especially the following investments:

Czech Republic

Prague 6 – Řepy

In November 2004, the company IPB Real, a.s., a subsidiary of the company ORCO, acquired land in Prague 6 – Řepy of more than 8,000 m², where the company IPB

Real, a.s. is planning to build in the following years cca 200 middle class apartments. The company IPB Real, a.s. acquired the mentioned land for CZK 44,000 000. This investment was financed from the own funds of the company IPB Real, a.s., and will be re-financed by a bank credit.

Brno – Medlánky II

Near the already realised residential complex „Medlánky“ in Brno, the company IPB Real, a.s. has acquired a plot of land for the project of construction of 500 accommodation units. In 2004, investment in this project reached CZK 120,000,000. This investment was financed from the own funds of the company IPB Real, a.s., and will be re-financed by a bank credit.

Ostrava – Podkova

In December 2004, the company ORCO entered in the joint project with the company TECH INVEST OSTRAVA, a.s. concerning the construction of cca 48 luxury apartments in Ostrava, the locality Podkova. The investment of the company ORCO represents the amount of cca CZK 11,000,000 and through it the company ORCO will acquire 75 % shares of the project company BYTY PODKOVA, a.s. established for this purpose and management control over it. This investment was financed from the own fund of the company ORCO and will be re-financed by a bank credit.

Prague 2 – Londýnská 39

In 2004, the company Londýnská 39, s.r.o., a subsidiary of the company ORCO, acquired in a tender a building of the former hospital at Londýnská ul. 39 in Prague for CZK 90,000,000. In 2004 and 2005, another amount of cca CZK 55,000,000 will be invested in this building for reconstructing a building of health-care facility meeting the current international standards. The delivery of the building for using to its lessee is scheduled for June 2005. This investment has been financed from credit.

Hungary

Budapest – Atronyx Office Building

For The Endurance Real Estate Fund For Central Europe the company ORCO has acquired a complex of office buildings of more than 18,000 m² of leased area in Budapest in Hungary by purchasing 100 % of business share in a project company that owns the mentioned buildings from the Canadian investment fund ATRO HUNGARIAN INVESTMENT FUND Ltd. for EUR 20,000 000. This investment has been financed from credit.

Budapest – Isabella 62/64

In 2004, the company ORCO acquired buildings at Isabella utca 62 and 64 in Budapest, by acquiring 100 % of business share in a company that owns these buildings for EUR 6,000,000, by which these buildings were connected with the project Andrassy 68 realised by the company ORCO at Andrassy utca 68. In the following years, the company ORCO is planning other investment in these buildings and their reconstruction to above-standard residence buildings.

Poland

Warsaw – Zlota 44

In November 2004, the company ORCO acquired an office building in the centre of Warsaw at Zlotá ul. 44 for the amount of EUR 9,750,000. In the following years, the company ORCO is planning to run this building first and then to its reconstruct to a higher standard. This investment was financed from the company ORCO's own funds.

Warsaw – Majolikowa

In addition to the above-mentioned building at Zlotá ul. 44 in Warsaw, the company ORCO has also acquired a plot of land intended for the construction of more than 130 residential houses and apartments. The amount of this investment was EUR 800,000, and the company ORCO has finances it from its own funds.

4.8 Major future investment of the issuer

For 2005, the company ORCO is planning, for the time being, the following new investments that have already been approved by the respective bodies of the company ORCO:

Prague – Londýnská 39

The investment of the total amount of CZK 55,000,000 in the building reconstruction. This investment will be financed from credit.

Brno – business house Centrum

The company ORCO is conducting legal, economic and technical audit of the department store Centrum in Brno. It is a building with commercial premises situated in the centre of Brno; the building is a historical monument. The total investment is expected to be EUR 3,700,000, while it will be the acquisition of 100 % of business share in a company that owns this building.

Špindlerův Mlýn - Bedřichov

In January 2003, the company ORCO is planning, through its subsidiary IPB Real a.s., to acquire two residential buildings in Špindlerův Mlýn, an important ski and tourist centre in the Czech Republic, at present run as an accommodation facility. The acquisition price should be cca CZK 62,000,000 and this investment should be financed from credits. Then the company ORCO is planning the reconstruction of these buildings, their transformation into residential houses and subsequent sale of apartments.

Budapest – Andrásy 68

The company ORCO is participating in a tender for acquisition of a building at Andrásy utca 66 in Budapest. If the company ORCO acquires this building, its projects already in progress, i.e. Andrásy 68 and Isabella 62/64, would become more attractive and mutually connected in one logical and visual unit.

Hvar (Croatia)

The company ORCO is participating in a selection procedure for acquisition of interest in various hotel facilities in the town of Hvar on the isle of Hvar in Croatia. If it succeeds, the company ORCO would create with the town of Hvar and the Croatian Republic a project of public-private partnership (PPP), whose target would be both reconstruction of the hotels question to **** standard, and further also the development of the town of Hvar, its port, communications and infrastructure. The planned investment of the company ORCO in this project is EUR 35,000,000 and it will be financed from credits.

In addition to the above-mentioned, the company ORCO will continue in investing in the

projects in progress described in Chapter 4.1.1 hereof in accordance with its approved budgets and time schedules of these projects.

4.9 Information on discontinuation of the issuer's business activity

Since 1993, when established, ORCO's business activities have never been discontinued.

4.10 Information on average number of the issuer's employees

The information on the number of ORCO employees in accordance with section 8(2), letter c) of the Decree are mentioned in the table in note 21 in Chapter 5.1.1 hereof.

Chapter 5: Information on the issuer's property, obligations, financial situation, profit and losses

5.1 Financial statements

Based on the European regulation on the international standards and the accounting standard IFRS 1 (the first acceptance of IFRS), the financial statements and the consolidated financial statements of the company ORCO will be executed according to the international accounting standards for the accounting period ended on 31 December 2005 in comparison with the accounting period of 2004 that will be executed according the same standards.

So that the company ORCO could publish this comparing information, it will prepare the opening balance sheet as of 1 January 2004 that will be the starting point for exercising IAS/IFRS 1 standards and as of this date the impacts of transfer will be registered in shareholder's fund. Simultaneously with it, the company ORCO is planning to submit the financial statements as of 31 December 2004 according to the Luxembourg standards and the informative balance sheet according to IFRS 1 as of 31 December 2004.

For this purpose, the company ORCO has authorised the company PriceWaterhouseCoopers to help its teams to realise this transfer successfully. This working group is now in the phase of identification of main impacts and basic differences between the Luxembourg accounting standards and the international accounting standard IFRS 1 are given in Annex 3 hereof.

5.1.1 Consolidated financial statement

CONSOLIDATED BALANCE SHEET

December 31, 2003

(denominated in thousand Euros)

Notes refer to Annex

ASSETS	31.12.2003	31.12.2002	31.12.2001
FIXED ASSETS			
Intangible fixed assets (note 4)	1,628	1,924	2,242
Tangible fixed assets (note 5)	108,650	85,162	74,173
Financial fixed assets			
Non-consolidated investments	138	56	7
Loans to affiliates	0		
	138	1,687	155
		1,743	162
	110,416	88,829	76,777
CURRENT ASSETS			
Inventories (note 6)	42,795	3,518	75
Trade debtors (note 7)	21,937	1,304	3,252
Tax	8,102	3,383	925
Other debtors	<u>8,621</u>	<u>3,787</u>	<u>1,037</u>
	81,455	11,992	5,289
TREASURY			
Marketable securities (note 8)	391		

Cash	<u>16,160</u>	4,962	91
	16,551	<u>3,304</u>	<u>2,165</u>
Prepayments (note 12)	6,833	8,266	2,256
		966	578
TOTAL ASSETS	215,255	110,053	84,900
LIABILITIES			
SHAREHOLDER'S FUND (note 9)			
Subscribed share capital	16,470	11,844	10,765
Share premium account	32,335	17,997	15,743
Legal reserve	307	45	45
Non-distributable reserve	256	140	140
Consolidated reserve	6,078	2,398	104
Translation difference	- 2,729	- 273	- 331
Profit for the year	252	2,520	1,976
Minorities interest	- 1,201		
Minorities reserves	- 622		
	51,146	34,671	28,442
PROVISIONS FOR RISKS AND CHARGES (note 10)	7,579	437	420
LIABILITIES (note 11)			
Convertible bonds		2,812	6,603
Non-convertible bonds	12,735		
		11,225	0
Borrowings and overdrafts	70,633		
		49,729	35,196
Interests payable	193	126	327
Creditors on assets	0	16	1,234
Trade creditors	10,811	4,116	4,284
Customers prepayments	52,888		
Tax liabilities	1,944	969	426
Amounts due to shareholders	3,357	3,202	3,075
Other creditors	<u>3,823</u>	<u>2,599</u>	<u>4,748</u>
	156,484		
		74,794	55,893
Accruals and deferred income (note 12)	46	151	145
TOTAL LIABILITIES	215,255	110,053	84,900

CONSOLIDATED PROFIT AND LOSS ACCOUNT

December 31, 2003

(denominated in thousand Euros)

Notes refer to Annex

	31.12.2003	31.12.2002	31.12.2001
Sales (note 13)	22,780	10,059	7,999
Offices	2,091	3,330	2,351
Residential	1,446	1,474	1,417
Aparthotels	1,296	1,467	751
Hotel	4,954	3,665	1,471
Others services	427	123	73
Yield from the sale of buildings in stock	12,565	0	1,936
Capitalized production costs (note 14)	1,068	1,360	1,612
Others operating income and transfer of charges	3,026	3,855	1,350
Gain on fixed assets disposal	2,455	3,338	2
Reversal of operating provisions	248	471	1,185
Other operating income	322	46	163
Cost of sales	- 8,947	0	- 1,740
Purchases and outside services	- 7,297	- 5,207	- 4,153
Offices	- 646	- 931	- 1,024
Residential	- 437	- 346	- 361
Promotion	- 171		
Aparthotels	- 544	- 414	- 214
Hotel	- 2,485	- 1,866	- 777
General charges on prospection	- 1,367	- 633	- 812
Operating general charges	- 1,647	- 1,017	- 965
Payroll costs	- 4,059	- 3,360	- 2,205
Offices	- 2	- 4	- 30
Residential	0	0	0
Promotion	- 23		
Aparthotels	- 188	- 135	- 56
Hotel	- 1,751	- 1,390	- 613
General charges on prospection	- 1,119	- 1,048	- 863
Operating general charges	- 976	- 783	- 643
Other operating charges	- 482	- 1,231	- 1,546
Taxes	- 184	- 238	- 68
Other operating charges	- 298	- 993	- 1,478
Amortization, depreciation and provisions	- 2,893	- 2,380	- 1,620
Operating profit (note 15)	3,196	3,096	- 303
Financial income	675	273	1,073
Change profit	288	- 14	4,491
Financial charges	- 6,638	- 3,184	- 2,588
Net financial profit (note 16)	- 5,675	- 2,925	2,976
Profit on ordinary activities before tax	- 2,479	171	2,673
Exceptional charges (note 17)	172	1,097	- 256
Corporation tax (note 18)	1,358	1,252	- 955
Consolidated profit after tax	- 949	2,520	1,462
Discount on NAV upon purchase of company		0	514
Net profit	- 949	2,520	1,976
Minority interests	1,201	0	0
PROFIT FOR THE PERIOD	252	2,520	1,976

CONSOLIDATED CASH FLOW STATEMENT
 Period ended December 31, 2003 (denominated in thousands of Euros)

	2003	2002	2001
Cash flow from operations			
Operating profit of consolidated companies	3,196	3,096	- 304
Elimination of operating charges and income with no cash flow:			
- Amortization, depreciation	2,893	2,380	1,602
- Gain on disposal	- 2,455	- 43	- 2
- Gain/Loss on operating provisions	- 248	- 34	- 26
Gross operating cash flow	3,386	5,086	1,270
Change in working capital requirements	11,094	- 7,703	860
Net cash flow generated by operating activities	14,480	- 2,616	2,130
Other income and expenses::			
Financial expense	- 6,146	- 2,957	- 1,772
Financial income	321	273	965
Corporation tax	- 625	- 582	- 45
Exceptional charges and income	- 31	1,252	31
Net cash flow generated by the business	7,999	- 4,630	1,309
Cash flow from investing transactions			
Acquisition of fixed assets	- 28,851	- 15,805	- 16,139
Impact of changes in consolidation structure	4,816	0	- 17,531
Net cash flow from investing transactions	- 24,035	- 15,805	- 33,670
Cash flow from financing operations			
Issue of share capital	18,964	3,333	10,063
Net debt issues	21,131	8,269	14,427
Net cash flow from financing operations	38,908	11,602	24,490
Change in cash position	22,872	- 8,833	- 7,871
Opening cash position	- 6,577	2,256	10,127
Closing cash position:	16,295	- 6,577	2,256
- Net liquid assets from overdrafts	16,160	- 6,610	2,165
- Marketable securities except own shares	135	33	91

Notes to the consolidated financial statements:

NOTE 1 - GENERAL

The company ORCO was incorporated on September 9, 1993, in the form of a joint-stock company for an unlimited term.

The company's business mainly focuses on the one hand on management of property companies based in the Czech Republic, Hungary and Poland and on the other hand on residential buildings promotion in the Czech Republic. The group diversified further with hotel activities and hotel residences. All amounts are expressed in thousands of Euros except for information about shares in issue and exchange rates.

NOTE 2 - CONSOLIDATION BASIS AND PRINCIPLES

a) Change in method

The Czech, Polish and Hungarian subsidiaries of the company ORCO are now considered as having the euro as operating currency. This change in method enables a more faithful image of the group's accounts, thus better accounting for the absence of exchange risk on its net assets:

- The main liabilities (bank loans) are expressed in euros
- According to a DTZ attestation, a real-estate company hired by the group of the company ORCO to institute its assets valuation, dated 29, September 2003, there is no exchange risk on the group's main assets (buildings), as the buildings' price in euros, on the concerned markets, is not affected by the exchange rates movements between euro and local currency.

Since then, the conversion of these businesses' accounts is operated according to the historical rate method, that is:

- Non-monetary elements, including own capital, are converted at their historical rate, i.e. at the exchange rate on the date of entry of these elements in the consolidated assets and liabilities;
- Monetary elements are converted at the exchange rate on the financial year closing date;
- Income and charges are converted at the average rate over the period. However, the depreciations recorded by amortization or deposit on assets elements converted at historical rate are themselves converted at historical rate.
- Conversion differentials resulting from the application of this method, both on monetary elements that appear in the balance sheet and on profit and loss accounts elements, are included in the consolidated profit and loss accounts under "Financial charges and income".

The impact of this change has been accounted for in the reserves for a tax net amount of EUR 5,304,000. Mainly it corresponds to the fact that:

- Latent exchange differentials on loans in euros, previously accounted for in local accounts profit, are no longer recorded in the consolidated profit.
- Assets were reduced to their historical exchange rate.

b) Consolidation basis

The group's consolidated financial statements include the accounts of the following companies:

Company	Country	Currency	% shareholding	
			31.12.2003	31.12.2002
Orco Budapest Rt	Hungary	HUF	100 %	100 %
ORCO Project Management s.r.o.	Czech Republic	CZK	100 %	100 %
Londynska 39, s.r.o.	Czech Republic	CZK	100 %	100 %
Americka 33 a.s.	Czech Republic	CZK	100 %	100 %
Americka 1 a.s.	Czech Republic	CZK	100 %	100 %
Máchova-Orco a.s.	Czech Republic	CZK	100 %	100 %
Americka-Orco a.s.	Czech Republic	CZK	100 %	100 %
Orco-Property a.s.	Czech Republic	CZK	50 %	50 %
Záhřebská 35 s.r.o.	Czech Republic	CZK	100 %	100 %

Anglická 26 s.r.o.	Czech Republic	CZK	100 %	100 %
Belgická – Na kozacce s.r.o.	Czech Republic	CZK	100 %	100 %
Londynska 41 s.r.o.	Czech Republic	CZK	100 %	100 %
ORCO Property Management a.s.	Czech Republic	CZK	100 %	100 %
Nad Petruskou s.r.o.	Czech Republic	CZK	100 %	100 %
Orco Prague a.s.	Czech Republic	CZK	100 %	100 %
Londynska 26 a.s.	Czech Republic	CZK	100 %	100 %
Orco Vinohrady a.s.	Czech Republic	CZK	100 %	100 %
Mánesova 28 a.s.	Czech Republic	CZK	100 %	100 %
Orco Revay Rt	Hungary	HUF	100 %	100 %
Orco Vagyoneselo Kft	Hungary	HUF	100 %	100 %
Orco Project Organization Rt	Hungary	HUF	100 %	100 %
Vinohrady Sarl	France	EUR	100 %	100 %
Orco Warsaw Sp. z.o.o.	Poland	PLN	76,50 %	100 %
ORCO HOTEL GROUP S.A.	Luxembourg	EUR	76,50 %	76.50 %
ORCOAparthotel S.A.	Luxembourg	EUR	70,92 %	-
MaMaison Résidences S.A.	Luxembourg	EUR	70,92 %	-
Orco Hotel Rt	Hungary	HUF	76,50 %	76.50 %
Residence Masaryk a.s.	Czech Republic	CZK	70,92 %	76.50 %
Residence Izabella Rt	Hungary	HUF	70,92 %	76.50 %
Orco Property Start a.s.	Czech Republic	CZK	76,50 %	76.50 %
Residence Belgicka s.r.o.	Czech Republic	CZK	70,92 %	76.50 %
Pachtův Palác s.r.o.	Czech Republic	CZK	70,92 %	76.50 %
Orco Hotel Management s.r.o.	Czech Republic	CZK	76,50 %	76.50 %
ORCO Hotel Development a.s.	Czech Republic	CZK	76,50 %	76.50 %
Janáčkovo nábřeží 15 s.r.o.	Czech Republic	CZK	76,50 %	76.50 %
Orco Hotel Project a.s.	Czech Republic	CZK	76,50 %	76.50 %
MaMaison Bratislava s.r.o.	Slovakia	SKK	70,92 %	100 %
Orco Hotel Management Rt	Hungary	HUF	76,50 %	76.50 %
KOSIC S.a.r.l.	Luxembourg	EUR	50 %	-
Americka Park a.s.	Czech Republic	CZK	70,92 %	-
IPB Real a.s.	Czech Republic	CZK	100 %	-
IPB Real s.r.o.	Czech Republic	CZK	100 %	-
IPB Real development s.r.o.	Czech Republic	CZK	100 %	-
NOVÉ MEDLÁNKY a.s.	Czech Republic	CZK	100 %	-
1. Sportovní a.s.	Czech Republic	CZK	100 %	-
IPB Real reality a.s.	Czech Republic	CZK	100 %	-
JIHOVÝCHODNÍ MĚSTO a.s.	Czech Republic	CZK	100 %	-

The core business of the consolidated companies is to manage property investments, to manage financial investments, or provide services in the real-estate field.

The financial year of all the companies included in the consolidation ends on December 31.

All companies included in the consolidation are controlled solely by the parent company and therefore fully consolidated except for Orco Property SA. This company, that relates to the office part of Luxembourg Plaza was subject to a transfer. In the same way, based on the signature of a letter of intent in December 2003 with the GE Group, the accounts on December 31, 2003 take into account the economical transfer of 50% of Orco Hotel Collection SA (renamed in KOSIC S.à.r.l. in 2004); the legal documentation and the effective transfer of shares having been finalized during the first quarter 2004.

MaMaison Residences SA also enters the scope of consolidation; it is a Luxembourg filial company of Orco Hotel Group SA regrouping all hotel residences of the group. Orco Aparthotel also enters the scope, it results from the split of Orco Hotel Group SA into two new companies: Orco Aparthotel SA and Orco Hotel Group SA. Lastly, Americka Park was created in the year 2003 in order to hold the new hotel residence; it is a filial company of MaMaison Residences SA.

During 2003, the group acquired the first Czech real estate promoter in the middle-range residential market, IPB Real. This acquisition opens the scope of consolidation to the following companies: IPB Real a.s., IPB Real s.r.o., IPB Real Development s.r.o., NOVÉ MEDLÁNKY, a.s., 1. Sportovní a.s., IPB Real Reality a.s. and JIHOVÝCHODNÍ MĚSTO s.a..

The total price for this acquisition is EUR 13,179,000.

The negative goodwill was EUR 367,000 and was accounted for in consolidated reserves.

The acquisition of the IPB group affected the accounts on December 31, 2003, it is not necessary to present pro forma accounts.

The following subsidiaries, without activity or significant nature within the group, as of December 31, 2003, are not consolidated:

	% shareholding		
	2003	2002	2001
Orco Bucharest	96 %	96 %	96 %
Orco Zagreb	100 %	100 %	100 %
Orco Hotel Development Sp.z.o.o.	100 %	100 %	-
Orco Hotel Management Sp.z.o.o.	100 %	100 %	-
The Endurance Management Company S.A.	50 %	-	-

c) Consolidation principles

The significant consolidation principles used to establish the consolidation financial statements can be summarized as follows:

(i) Conversion of foreign subsidiaries' accounts

cf a) change in method

(ii) Deferred taxes

Deferred taxes assets and liabilities are recorded to take account of temporary differences between the accounting recognition of certain expenses and income, due to restatements in order to comply with the applicable accounting rules and their inclusion in taxable income. Long term deferred tax bases lead to the accounting for a deferred tax, except when the update reduces it to an insignificant amount. Net deferred tax assets are recognised on the balance sheet if the company is reasonably certain of their recoverability. Deferred tax is accounted for using the liability method.

(iii) Acquisition goodwill

Entries in the scope of consolidation bases are registered to their true value. The difference between the value upon entry in the consolidated balance sheet and the book value of the same element in the balance sheet of the company under control represents goodwill on evaluation. The difference between the acquisition cost of shares and the total evaluation of assets and liabilities identified on acquisition date represents goodwill on acquisition.

This goodwill is mainly allocated to buildings, based on property valuations. So far, there is no residual goodwill in the consolidated financial statements

No liabilities deferred tax has been recognised on evaluation goodwill. All real estates are owned by a specific subsidiary held by ORCO or ORCO HOTEL GROUP S.A., which have the Soparfi² status. Since then, increases

² Soparfi is a trading company according to the Luxembourg public law that uses Article 166 of the Luxembourg Income Tax Act. This articles regulates exemption from income taxes for owned material and stable participations. This includes dividends and transfer yields realised by selling or liquidation of these participations. Dividends paid by a subsidiary of the Luxembourg parent company „Soparfi“ will be exempt from all taxes, if „Soparfi“ will hold minimally 10 % of capital of its subsidiary or if its acquisition price will be minimally EUR 1,200,000. The company „Soparfi“ also has to own this subsidiary continuously for the period of minimally 12 months or undertake that it will hold it minimally 12 months, if this condition is not met. The yields the company „Soparfi“ has achieved by transfer or liquidation of participation are exempt from all taxes, if the company „Soparfi“ holds minimally 10% share in the subsidiary's share capital or if its acquisition price was minimally EUR 6,000,000. Further, the company can be only a local (i.e. Luxembourg) company fully subject to tax that corresponds to the association income tax (min. 15 %), or a company with the registered office in any member state of the European Union to which the Directive of EEC Council of 23 July 1990 applies. Transferred equity shares had to be in continuous ownership of the company „Soparfi“ for the period of 12 months or the company „Soparfi“ must undertake to hold the rest at the amount of at least 10 % of share capital of the subsidiary for a not interrupted period of 12 months.

in value realized on the sale or on the clearance sale of interests are exempt from all tax as long as the Soparfi holds a minimum of 10% of the subsidiary's capital or if its purchase price was at least 6 million EUR.

Besides, the subsidiary must be a resident company fully taxable on an equivalent to the corporate income tax (min. 15%), or an EU company aimed at by the Directive of EEC Council dated July 1990. Transferred interest shares must have been the Soparfi's undisrupted ownership for a 12-month period and if not the Soparfi must commit to hold for at least 12 months a minimum of 10% of the share's capital.

(iv) Clearance of intercompany accounts

All intercompany accounts and intercompany transactions are eliminated.

(v) Leasing contract – financing

The only long-term rental agreement is operational and therefore is not retreated (see note 20). Since January 1, 2002, one of the CR subsidiaries (ORCO Prague SA) has entered into financial leasing agreement for purchase of new hardware for its CR sister companies. Leasing agreement is over a three years period, and includes equal instalments. Total value of equipment purchased is EUR 78,000. Leasing booking has been retreated at consolidated level.

(vi) Minority interests

Minority interests are calculated on the basis of their share in share capital.

(vii) Capital increase cost

Flotation costs of ORCE were registered in establishing costs for EUR 1,148,000 in accounts for year 2000 and are spread over 4 years.

Capital increase costs, net of tax, are deducted from share premium accounts for EUR 511,000, as capital increases of 2001 (EUR 385,000), 2002 (EUR 126,000) and 2003 (EUR 631,000), in accordance with the advice of the "Comité d'Urgence" (the Emergency Committee) No. 2000-D of 21 December 2000.

NOTE 3 - MAIN ACCOUNTING POLICIES AND METHODS

General principles

The consolidated financial statements of ORCO and its subsidiaries are based on the accruals concept, the historical cost principle and generally accepted accounting principles. The consolidated accounts have been established according to the new methodology approved by the 'Committee for Accounting Regulations in April 1999 (Regulation n° COB 99-02 dated April 29, 1999).

Conversion of foreign currencies

Assets and liabilities of Czech, Hungarian and Polish subsidiaries denominated in currencies other than their local currency are converted into the currency of these subsidiaries at the closing rates published by the Central Banks of these three countries. The resulting translation differences are recorded in the financial statements of the company and discounted in the consolidated financial statements, as per the change in method explained in note 2 a).

Intangible assets

Intangible assets are recorded at acquisition price or cost less amortization. Amortization is calculated on a straight-line basis over the following period (based on estimated useful life):

Set-up costs	4 years
Software	4 years

A provision is made when the book value at the period end is higher than the audited value. On December 31, 2003 no such provision was necessary.

Tangible fixed assets

The tangible fixed assets of the company ORCO and its subsidiaries are recorded at purchase price plus incidental expenses and, for buildings, renovation costs. Borrowing costs incurred during building renovations, i.e. between purchase and completion, are included in the acquisition cost. They mainly include buildings held by the Group and given or intended to be rented. Tangible fixed assets are depreciated on a straight-line basis over the following periods:

Buildings	45 years
Plant and machinery	4 - 15 years
Office equipment and IT hardware	3 - 4 years

A provision is made when the book value at the period end is higher than the audited value. On December 31, 2003 no such provision was necessary.

Financial assets

Financial assets are recorded at their lowest acquisition cost or utility value. A provision is made when the book value at the period end is higher than the utility value of the investment; as far as real-estate investments are concerned, the utility value of potential latent yields of begun real-estate projects is especially taken into account in the calculation.

Inventories

Inventories include buildings held and intended to be sold. They are recorded at their purchase costs plus incidental expenses and renovation costs. Borrowing costs incurred during building renovations, i.e. between purchase and completion, are included in the acquisition cost. A provision is made when the book value at the period end is higher than the market value. On 31 December 2003 no such provision was necessary.

Debtors

Current asset debtors are recorded at nominal value. They are written down when their estimated realizable value is less than their nominal value.

Pension liabilities

No pension provision has been recorded since the Hungarian and Czech social security systems do not impose pension obligations on companies.

Market risks (interest rate, shares)

ORCO PROPERTY GROUP is not particularly active on the markets, and especially not in the field of new financial instruments. The exchange rate risk only exists in relation to a possible appreciation of the local currency (CZK, HUF and PLN) against the Euro. That risk is not hedged. On December 31, 2003 fixed rate debts represent 44.71% of the total debt and floating rate debts 55.29%.

NOTE 4 - INTANGIBLE ASSETS

See the following table:

	start up costs	software	usable rights and other intangible assets	total
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Acquisition values				
Start of the period	1,303	182	1,654	3,139
Movements during the years:				
- Acquisitions	2	294		296
- Disposals	-10			-10
- Change in consolidation structure			371	-371

- Reclassification				
End of the period	1,295	476	1,283	3,054
Amortization				
Start of the period	-909	-6	-241	-1,215
Movements during the years:				
- Charges	-2	-212	-6	-220
- Release	9			9
End of the period	-902	-277	-247	-1,426
Net book value at the end of the period	393	199	1,036	1,628
Net book value at the end of the previous year	394	117	1,413	1,924

NOTE 5 - TANGIBLE FIXED ASSETS

See the following table:

	Lands	Buildings	Other installations, plant and machinery and furniture	Advances paid and construction in progress	Total
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Acquisition values					
Start of the period	4,708	64,773	4,465	18,219	92,165
Movements during the years:					
- Acquisitions	16,608	2,709	2,540	12,708	34,565
- Disposals	(2,328)	(546)	(773)	(1,220)	(4,867)
- Reclassification	1,355	18,831	156	(18,235)	2,107
- Conversion difference	(792)	(1,640)	(226)	(1,433)	(4,091)
End of the period	19,551	84,127	6,162	10,039	119,879
Amortization	-				
Start of the period	-	(5,523)	(1,480)	-	(7,003)
Movements during the years:					
- Acquisitions	-	(1,490)	(1,515)	-	(3,005)
- Disposals	-	112	53	=	165
- Reclassification	-	(1,964)	54		(1,910)
- Conversion difference	-	447	77		524
End of the period	-	(8,418)	(2,811)	-	(11,229)
Net book value at the end of the period	19,551	75,709	3,351	10,039	108,650
Net book value at the end of the previous year	4,708	59,250	2,985	18,219	85,162

NOTE 6 - STOCKS

The stocks entry mainly corresponds to 50% of the office part of the Luxembourg Plaza project (the company ORCO PROPETY a.s. consolidated by proportional integration: cf. note 2 a), intended to be sold after completion and to the promotion projects in development of the subsidiary IPB Real acquired in 2003.

NOTE 7 - DEBTORS

See the following table:

Gross value			Provisions for doubtful debts			Net value		
in thous. EUR			in thous. EUR			in thous. EUR		
2003	2002	2001	2003	2002	2001	2003	2002	2001
29,364	1,411	3,487	7,427	107	235	21,937	1,304	3,252

All debts are due in less than one year.

NOTE 8 - CURRENT ASSET INVESTMENT

See the following table:

As of:	31.12.2003	31.12.2002	31.12.2001
	in thous. EUR	in thous. EUR	in thous. EUR
Own bonds	0	3,583	-
Marketable securities	135	-	91
Own shares	256	1.379	-
	391	4,962	91

NOTE 9 - CAPITALIZED PRODUCTION COSTS

Change in equity

	Share capital	Share premium account	Legal reserve	Non-distributable fund	Dividends	Consolidated reserves	Translation difference	Consolidated company	Profit/Loss of the year	Total
	(1)	(1)	(2)							
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Situation on December 31, 2001	10,765	15,743	45	140		104	- 331		1,976	28,442
Appropriation of the profit (loss) of the 2001 financial year		-	-	-		1,920	56		(1,976)	-
Changes in translation Differences		-	-	-		-	2			2
Increases in share capital	1,079	2,380	-	-		-	-			3,459
Capital increase costs, net of tax		-126								-126
Own shares (3)								374		374
Consolidated profit for 2002	-	-	-	-					2,520	2,520

Situation on December 31, 2002	11,844	17,997	45	140		2,024	-273	374	2,520	34,671
Appropriation of the profit (loss) of the 2002 financial year			262		1,118	1,070			-2,520	0
Increases in share capital										
Increases in share capital	4,626	14,970								19,596
Change of accounting method						-2,861			3,951	1,090
Capital increase costs, net of tax		-632								-632
Own shares (3)				116		374		-374		116
Changes in translation Differences						212	-212			
Minority interests						1,827				1,827
Consolidated profit for 2003									-3,699	-3,699
Situation on December 31, 2003	16,470	32,335	307	256	1,118	2,646	-485	0	252	52,969

(1) As of 31 December 2003, the subscribed capital of the parent company was EUR 16,469,999.30 represented by 4,017,073 shares without a nominal value. Share capital has been increased by EUR 4,625,000 (1,128,159 new shares) following stock options exercises (120,000 shares), the distribution of a dividend in shares (30,659 shares) and therefore the conversion of reserves into capital and lastly the capital increase by public issue (977,500 shares).

(2) In accordance with Luxembourg company law, the company is required to appropriate a minimum of 5% of the annual net profit to a legal reserve until the balance of such reserve equals 10% of the issued share capital. The legal reserve is not available for distribution.

(3) The company ORCO's shares on December 31, 2003: 12,256 shares for an acquisition price of EUR 256,000 classified in financial assets.

NOTE 10 - PROVISIONS FOR LIABILITIES AND CHARGES

The change in provisions for liabilities and charges is:

in thous. EUR	31.12.01	31.12.02	Acquisitions	Disposals	Transfers	31.12.03
Provision for interests on bounds	196	416	199	(413)	(202)	0
Provision for Fortune tax			135			135
Provisions for guarantees given			4,609			4,609
Provisions for litigation			1,360			1,360
Provision for repairs			525			525
Various	224	21	463		(21)	463
Total	420	437	7,291	(413)	(223)	7,092

The evolution of the other risks and litigation with which the group is confronted and not being subject to a provision is the following:

Opera Business Center (Budapest)

A subsidiary of the company ORCO, Orco Budapest Rt, had litigation about the validity of the ownership of a building it holds. An amicable settlement of this litigation had been negotiated during the year. The full ownership of this building will be given back to Orco Budapest Rt in return for a complementary payment of 1.5 million dollars. The court's decision cancelling the appeals that each party has against the other has been postponed to June 2004 and delays the final settlement

of this litigation. A comfort letter from ORCO HOLDING to the company ORCO guarantees any loss it could therefore risk.

NOTE 11 - DEBTS

The residual debts terms are as follow:

Accounting period 2003	Less than 1 year	1 year to 5 years	More than 5 years	Total
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Non convertible bonds	2,735	10,000		12,735
Borrowings and overdrafts	15,391	35,970	19,272	70,633
Interest payable		-	-	
Creditors on assets	6,349	-	-	6,349
Trade creditors	4,462	-	-	4,462
Tax liabilities	1,944	-	-	1,944
Amounts due to shareholders	3,457	-	-	3,457
Partial payments received	52,888	-	-	52,888
Other creditors	4,062	-	-	4,062
Total	91,288	45,970	19,272	156,530
Accounting period 2002	Less than 1 year	1 year to 5 years	More than 5 years	Total
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Convertible bonds	2,812		-	2,812
Non convertible bonds	1,225	10,000		11,225
Borrowings and overdrafts	11,756	12,025	25,948	49,729
Interest payable	126	-	-	126
Creditors on assets	16	-	-	16
Trade creditors	4,116	-	-	4,116
Tax liabilities	969	-	-	969
Amounts due to shareholders	3,202	-	-	3,202
Other creditors	2,599	-	-	2,599
Total	26,821	22,025	25,948	74,794
Accounting period 2001	Less than 1 year	1 year to 5 years	More than 5 years	Total
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Convertible bonds	1,942	4,661	-	6,603
Borrowings and overdrafts	1,490	-	33,706	35,196
Interest payable	327	-	-	327
Creditors on assets	4,737	-	-	4,737
Trade creditors	4,284	-	-	4,284
Tax liabilities	426	-	-	426
Amounts due to shareholders	3,075	-	-	3,075
Other creditors	636	609	-	1,245
Total	16,917	5,270	33,706	55,893

As of 31 December 2003, all borrowings and overdrafts were guaranteed by mortgages on the buildings and secured by the shares of the companies owning those buildings (note 20).

Bonds correspond to the following two issues:

Number of bonds	Interest rate in %	Maturity	Amount in ths. EUR
2,735	10 %	09/2004	2,735
10,000	5.5 %	12/2006	10,000
			12,735

NOTE 12 - PREPAYMENT / DEFERRED INCOME

Prepayments (accruals) consist mainly of rents collected in advance and of share premiums for issued bonds amortized on the length of the "loan".

Deferred incomes (deferrals) consist of future rents invoiced in advance

NOTE 13 - SALES - OPERATIONAL RESULT

Geographical analysis of sales:

	2003	2002	2001
	in thous. EUR	in thous. EUR	in thous. EUR
Czech Republic	20,326	8,351	7,482
Hungary	2,108	1,595	461
Slovakia	39	21	0
Luxembourg	303	83	41
France	4	9	15
Poland	0	0	0
TOTAL	22,780	10,059	7,999

Analysis of sales by activity:

Sales	2003	2002	2001
	in thous. EUR	in thous. EUR	in thous. EUR
Rental (offices)	2,091	3,330	2,351
Residential	1,446	1,474	3,353
Hotel residence	1,296	1,467	751
Hotels	4,954	3,665	1,471
Promotion	12,565	-	-
Other services provided	427	123	73
TOTAL	22,780	10,059	7,999

Analysis of operational result by activity:

Operational result	2003	2002	2001
	in thous. EUR	in thous. EUR	in thous. EUR
Rental (offices)	677	1,642	758
Residential	641	702	986
Hotel residence	233	519	286
Hotels	-642	-477	-348
Promotion	-1,266	710	-1,986
Other services provided	3,552		
TOTAL	3,196	3,096	-304

NOTE 14 - CAPITALIZED PRODUCTION COSTS

The capitalized production costs correspond to the building contractor's services realized by the group for its own behalf without margin (real-estate promotion for own behalf). The amount of capitalized production costs also includes study costs incurred during the year when the acquisition contract was signed.

NOTE 15 - OPERATIONAL RESULT

The operational result includes the transfer of 50% of the subsidiary Kotic Sàrl bearing the project of Kotic promotion, this transaction was clinched under the signature of a letter of intent in December 2003. The transaction was legally finalised during the first quarter 2004 but is considered economically speaking as being part of 2003. The buyer is a subsidiary of GE Capital Golub, the company GECGE Kosik Investors S.a.r.l.

NOTE 16 - FINANCIAL RESULT

The financial result is represented by interests paid on bank loans and bonds increased by the indemnity for prepayment following the credit refinancing linked to a group of buildings in Prague. This indemnity amounted to EUR 1,744,000. The new credit conditions will positively affect the following financial years in terms of lower financial charges but also in terms of cash flow.

NOTE 17 - MINORITY INTERESTS

In opposition to the previous years, the consolidated accounts take into account the positive impact of minority interests following ORCO HOTEL GROUP S.A. minority shareholders agreement to support the negative results for 2003 and previous years. The rate held by these minority shareholders is 23.5% of ORCO HOTEL GROUP S.A. The impact on reserves is EUR -622,000 and the charge for the loss amounts to EUR 1,201,000 having a positive result on consolidated profit and loss account.

NOTE 18 - CORPORATE TAX

As of 31 December 2003, the accounted tax was constituted up to EUR 2,118,000 of the deferred tax assets, and the due tax represents a charge of EUR 760,000.

NOTE 19 - ORCO DIRECTOR'S AND MANAGEMENT' FEES

The remunerations paid to the directors and/or to the management for 2003 amount to EUR 314,000 in favour of Mr Ott and to EUR 213,000 in favour of Mr Pedretti. Other directors have not received any fees from the company ORCO.

NOTE 20 - OFF BALANCE SHEET COMMITMENTS

Share options (see the information on Chapters 3.2 and 6.5 hereof). The company ORCO has granted the following share options to 7 employees and directors:

- 40,000 shares in four instalments of 10,000 shares each, to be exercised between 1999 and 2004 at prices increasing from EUR 18 to EUR 22.80 per share;
- 80,000 shares to be exercised between 1999 and 2004 at EUR 12.65 per share, this option has been fully exercised in 2003;
- 80,000 shares to be exercised between 2001 and 2004 at EUR 12.65 per share, this option has been exercised up to 40,000 shares in 2003;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised between 2001 and 2003 at prices increasing from EUR 20 to EUR 30 per share;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised from 2002 at prices increasing from EUR 20 to EUR 30 per share;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised between 2002 and 2004 at prices increasing from EUR 20 to EUR 30 per share;
- 3,000 shares in two instalments, first instalment of 2,000 shares in year 2003 for EUR 25 per share, and second instalment of 1,000 shares in year 2005 for 30 EUR per share; and
- 3,000 shares in two instalments, first instalment of 1,500 shares in year 2003 for EUR 25 per share, and second instalment of 1,500 shares in 2004 for EUR 30 per share.

Guarantees granted:

The following bank loans have been taken out with first-rate banking establishments and require two types of guarantees:

- Mortgage on the buildings,
- Pledge of shares of the companies owning those buildings.

Company	Building	Borrowings and overdrafts in ths. EUR			Maturity	Fixed rate F Variable rate V	Guarantee P Pledge M Mortgage	Bank
		31.12.2003	31.12.2002	31.12.2001				
Prague:								
Residence Masaryk, a.s.	Jana Masaryka 40	1,075	821	863	2018	V	P + M	Česká spořitelna
Residence Belgicka s.r.o.	Residence Belgicka	2,543	2,301	1,490	2018	V	P + M	Česká spořitelna
Americka Park, a.s.	Residence Amer.Park	1,752			2018	V	P + M	Reinhyp AG
Americka 33, a.s.	no building	3,615			2004	V	P	Československá
Americka 33, a.s.	no building	5,717			2007	V	P	Československá
Pachtuv Palac s.r.o.	Pachtuv Palac	7,791	7,588	7,588	2018	V	P + M	Česká spořitelna
ORCO Hotel Development, a.s.	Hotel Imperial	2,725	2,980	3,220	2006	F	P + M	Depfa Bank
Janackovo nabrezi 15, s.r.o.	Hotel Riverside	5,007	3,848	914	2008	F	P + M	Aareal Bank AG
Anglicka 26, s.r.o.	Anglicka 26	172	3,111	3,430	2013	F	P + M	Aareal Bank AG
Orco Vinohrady a.s.	Belgicka 40	1,612	1,208	1,249	2013	F	P + M	Aareal Bank AG
Londynsk a 26 a.s.	Londynsk a 26	1,171	725	749	2013	F	P + M	Aareal Bank AG
Manesova 28, a.s.	Manesova 28	2,354	2,456	-	2012	F	P + M	Aareal Bank AG
Londynsk a 41, s.r.o.	Londynsk a 41	3,154	3,788	3,965	2013	F	P + M	Aareal Bank AG
Americka-ORCO, a.s.	Americka 11 Americka 13	2,404	1,132	1,256	2013	F	P + M	Aareal Bank AG
Orco Property a.s.	Luxembourg Plaza	1,530	1,572	-		F	P + M	Raiffeisenbank a.s.
Zahrebska 35, s.r.o.	Zahrebska 35	2,201	2,264	2,461	2013	F	P + M	Aareal Bank AG
Belgicka-Na kozacce, s.r.o.	Na kozacce 1 Belgicka 36	3,855	1,652	1,764	2013	F	P + M	Aareal Bank AG
Nad Petruskou s.r.o.	Nad Petruskou	1,963	1,424	1,499	2013	F	P + M	Aareal Bank AG

Americka 1, a.s.	Americka 1	5,607	1,539	-	2018	V	P + M	Raiffeisenbank a.s.
Location long term:								
Machova Orco, a.s.	Machova 18	841	260	260	2013		P	Aareal Bank AG
Budapest:								
Residence Izabella Rt.	Izabella	2,806	2,942	-	2015	V	P + M	Reinhyp AG
ORCO Hotel Rt.	Hotel Andrassy	4,494	4,719	3,357	2011	F	P + M	Reinhyp AG
Orco Revay Rt	Revay	1,676	1,848	-	2006	V	P + M	Raiffeisen Bk Rt
Warsaw:								
ORCO Warsaw Sp.z.o.o.	Koscielna	4,486	239	-	2013	V	P + M	Raiffeisen Bl Pol
Paris:								
Vinohrady SARL	Other assets	82			2007	F		CGI
TOTAL		70,633						

The guarantees granted to the financial establishments remain fully valid until complete reimbursement of credits. No partial levying on pledge or mortgage has been scheduled.

Long term leases:

The group of the company ORCO has concluded a long-term lease contract that is considered as a simple lease contract, and not leasing, and that concerns the following building at ul. Máchova 18 in Prague, included in accounts of the company Máchova-Orco a.s.

The company Americka 1 a.s. concluded an agreement signed on 31 December 2003 on transfer of one building with 12 apartments, the building No. 2 from the project Americka, to the company Helmine Entreprises Inc (hereinafter referred to as „Helmine“). The total price of transaction is EUR 5.4 million EUR + VAT. The price will be paid in more instalments during the accounting period 2004, the first instalment of EUR 2.8 million was paid on 23 March 2004. Further, the company ORCO has been charged by the company Helmine to sell the apartments individually. The parties have agreed that incomes or losses will be divided with respect to the total selling price of EUR 5.8 million. If the total price for sale of all apartments is lower than EUR 5.8 million, this difference will be divided equally between the companies ORCO and Helmine. If the total price for sale of all apartments will be higher than EUR 5.8 million, the division will be as follows:

The first part of EUR 300,000 above EUR 5,800,000 will belong whole to the company Helmine, the second part of EUR 300,000 (6,100,000 to 6,400,000) will be divided equally between the companies ORCO and Helmine, and any amount above EUR 6,400,000 will be divided in the ratio of 30 % for Helmine and 70 % for ORCO.

NOTE 21 - NUMBER OF EMPLOYEES

See the following table:

	2003	2002	2001
Czech Republic	308	192	166
Hungary	30	45	36
France	11	6	8
Poland	5	2	1
Slovakia	1	1	1
Luxembourg	6	1	-
TOTAL	361	247	212

All above-mentioned employees were engaged in the core business activities of the company ORCO, in real-estate trading, leasing and administration, or were in charge of related activities for the company ORCO, or its subsidiaries – keeping accounts, selling, supporting activities and services.

ADDITIONAL INFORMATION NOT INCLUDED IN THE AUDITED FINANCIAL STATEMENTS

Additional information to note 2a

The impact on the change in accounting method of EUR 5,304,000 is an amount that is included in accounts as of 30 June 2003, the date as of which the method was changed. This account would correspond to the impact of the change in method in the previous periods of EUR 2,861,000 and the impact on the first half of 2003 of EUR 2,443,000.

In accounts closed as of 31 December 2003, the table in note 9 shows net impact on the consolidated reserves of EUR 2,861,000 and the total impact on the accounting period of 2003 not put in accounts against reserves yet, but put in profit and loss account, as they are operations of the same accounting period, i.e. EUR 3,951,000, which corresponds to EUR 2,443,000 in the first half and EUR 1,508,000 in the second half.

Consequently, the real impact on the consolidated reserves as of 31 December 2003 is EUR 2,861,000, in accordance with the details provided in note 9.

Additional information to note 2b

The amount of negative acquisition goodwill was put in accounts against consolidated reserves. The amount of negative acquisition goodwill will be, with using IFRS standards, nullified by decreasing the amount of reserves. There will be no other item for amortisation.

Additional information to note 3, tangible fixed assets

As of 31 December 2003 no reserves is necessary, as valuations by DTZ shows for the whole portfolio a value higher than our respective acquisition costs.

Additional information to note 10

As far as reserves for litigations are concerned, a reserve is registered, while a month after the appeal process started no payment was collected. In practice, it is not necessary to create any reserve for activities of hotels and hotel residences, as we still have bank guarantee at disposal also for preliminary payments.

As far as reserves for guarantees provided are concerned, these appears since the time when the company ORCO acquired IPB Real a.s. and are related to real-estate activities. They include reserves created as a part of complaining at the time of completion of buildings.

The company ORCO also signed a final agreement on 25 March 2002 according to which transfer of ownership should be recognised after payment of additional amount to the price of USD 1,500,000. This agreement has not been realised up to date. The amount the company ORCO has already invested in this transaction, is 1,472,000 (capital + claims). This amount includes investment in capital and advances for starting renovation work. If the party fail to meet conditions specified in the agreement of 25 March 2002, the guarantee of the company ORCO HOLDING S.A. is a guarantee of all possible losses for the company ORCO that can incur to it. As of the date of closing the consolidated financial statements, there was no new fact speaking for creation of such a reserve. The legal proceedings scheduled for 13 July 2004 was postponed again, no date has been fixed up to date, but the next hearing will be held in February 2005 at first.

Additional information to note 13

The company ORCO undertakes to meet the requirements of § 425 of the Regulation 99-02 CRC for its next financial statements.

Additional information to note 20

As of 31 December 2003 all claims due to banks are guaranteed by mortgage for buildings or guarantee of shares of companies holding buildings, some of them a guaranteed of the company ORCO. As a consequence, only companies are affected that have credits. Pledging securities of Czech, Slovak, Polish or Hungarian subsidiaries

of the company ORCO that arranges a loan, for the benefit of a bank, is common banking practice of big banks in Central Europe for real estate credits. This custom gives lending banks an alternative for performance of mortgages in case that their debtors do not pay them, which has as the first advantages quicker access to real estate ownership. All big lenders on the real estate market are subject to this rule and the financing methods of the company ORCO are in accordance with local customs.

Further, the company ORCO have guaranteed with lending institution for credits granted to the following companies:

- Americka 1, a.s.
- Orco Property a.s.
- Orco Warsaw Sp. z.o.o.
- Mánesova 28, a.s.
- Orco Hotel Development a.s.
- Janáčkovo nábřeží 15 s.r.o.

As of 31 December 2003, the pledged assets represent 65 % of tangible fixed assets 33 % of the total balance and 39 % of the market value of portfolio valued by DTZ Debenham Tie Leung as of 31 December 2003.

Additional information to note 20 - sale of the building Americka 1

This transaction has contributed to the consolidated turnover with the amount of EUR 5.4 million and with EUR 1.3 million to the consolidated result. As of 30 June 2004, selling contracts or agreement on sale of 5 apartments of the total number of 12 were already signed. The total selling price achieved as of this date is EUR 2,095,000. Moreover, 3 apartments are reserve for the total selling price of EUR 1,142,000. With respect to the areas still for sale and the price per sq. metre for which transactions are concluded, the company ORCO is not subject to any risk as whether all transactions will achieve the threshold value of EUR 5.8 million.

5.1.2 Financial statements

BALANCE SHEET

31 December 2003

(in EUR)

Notes refer to Annex

ASSETS	2003	2002	2001
FIXED ASSETS			
Intangible fixed assets (note 3)	9,180.81	10,738.81	14,646.81
Tangible fixed assets (note 3)	617,760.08	2,900.69	0
Financial fixed assets (note 4)	<u>67,495,951.09</u>	<u>44,296,475.80</u>	38,991,705.47
	68,122,891.98	44,310,115.30	39,006,352.28
CURRENT ASSETS			
Debtors (less than one year) (note 5)	7,817,460.54	5,786,471.19	675,717.84
Marketable securities (note 6)	256,235.02	4,929,147.60	465,147.65
Cash at banks and in hand	<u>507,447.92</u>	<u>1,610,804.36</u>	980,772.88
	8,581,143.48	12,326,423.15	2,121,638.37
PREPAYMENTS	<u>481,181.30</u>	<u>468,968.42</u>	<u>17,617.18</u>
	77,185,216.76	57,105,506.87	41,145,607.83
LIABILITIES			
CAPITAL ACCOUNTS (note 7)			
Share capital	16,469,999.30	11,844,547.40	10,765,267.50
Share premium account	33,440,266.76	18,469,793.76	16,127,631.50
Legal reserve	307,434.56	45,135.83	45,135.83
Other funds	3,718,972.70	38,770.55	38,780.55
Reserve for own shares	256,235.02	140,326.21	140,326.21
Profit brought forward	597,784.42	597,784.42	618,950.94
Profit for the year	<u>1,641,725.67</u>	<u>5,245,974.68</u>	-21,166.52
	56,432,418.43	36,382,332.85	27,714,916.01
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions for taxes (note 8)	302,091.15	167,091.15	95,230.52
CREDITORS			
Debenture loans	12,735,000.00	14,037,161.46	13,139,099.94
Other creditors	<u>7,715,707.18</u>	<u>6,518,921.41</u>	0
	20,450,707.18	20,556,082.87	<u>196,361.36</u>
	77,185,216.76	57,105,506.87	41,145,607.83

PROFIT AND LOSS ACCOUNT

31 December 2003

(in EUR)

Notes refer to Annex

	2003	2002	2001
Providing services	1,790,609.36	1,850,469.34	1,971,385.53
Other operating income	21,344.75	23,615.94	404,107.78
External Charges	(4,045,833.81)	(3,339,612.53)	-3,659,667.69
Value adjustments in respect of tangible and intangible assets (note 3))	(37,375.50)	(4,6041.95)	977
Other operating charges	(53,337.45)	(51,950.93)	110,396.01
Operating result	(2,324,592.65)	(1,522,080.13)	-1,395,547.39
Income from equity participations (note 10)	1,707,767.62	1,527,441.72	1,318,892.06
Other interest receivable and similar income	133,252.53	74,668.92	392,311.95
Interest payable and similar charges	(1,722,151.98)	(674,011.52)	278,570.91
Financial result	<u>118,868.17</u>	<u>955,099.12</u>	<u>1,432,633.10</u>
Profit (loss) from ordinary activities	(2,205,724.48)	(566,981.01)	37,085.71
Exceptional losses (note 11)	-	(155,000.00)	-
Exceptional profits (note 11)	<u>3,984,500.00</u>	<u>6,061,955.69</u>	=
Exceptional result	<u>3,984,500.00</u>	<u>5,906,955.69</u>	=
Profit before taxes	1,778,775.52	5,339,974.68	<u>37,085.71</u>
Taxes on income (note 8)	-	-	-
Other taxes (note 8)	(137,049.85)	(94,000.00)	58,252.23
Profit for the year	<u>1,641,725.67</u>	<u>5,245,974.68</u>	<u>-21,166.52</u>

Notes on the financial statements:

NOTE 1 - GENERAL

The company ORCO was incorporated under the Luxembourg Companies Law on September 9, 1993 as a point-stock company for an unlimited period of time. The registered office of the company is established in Luxembourg. The company's object is to participate in interests, in whatever form, in the interest of companies, whether foreign or based in Luxembourg, especially in real estate companies in Czech Republic, Hungary and other countries of Eastern Europe and the management, control and development of such participating interests. The company ORCO, through its subsidiaries, rents and manages real estate and hotel properties composed of office buildings, apartments with services, luxury hotels and hotel residence.

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

General

The annual accounts are prepared in conformity with generally accepted accounting principles and in agreement with the laws and regulations in force in the Grand-Duchy of Luxembourg. The company prepares consolidated financial statements which can be obtained at the registered office.

Conversion of foreign currencies

The company maintains its accounting records in Euros (EUR) and the balance sheet and the profit and loss account are expressed in this currency. During the financial year the acquisitions and sales of tangible and intangible assets, equity participations and marketable securities as well as income and charges in currencies other than the balance sheet currency are converted at the exchange rate prevailing at the transaction dates.

At the balance sheet date, the acquisition price of the tangible and intangible assets, equity participations and marketable securities expressed in another currency than EUR remains converted at the historical exchange rate. All other assets expressed in a currency other than the balance sheet currency are individually converted at the lowest level of the historical exchange rate or closing rate. All liabilities expressed in another currency than the balance sheet currency are converted into EUR at the highest level of their historical rate or closing rate. So, only realized exchange gains and losses and unrealized exchange losses are accounted for in the profit and loss account.

Intangible and tangible fixed assets

Intangible and tangible assets are recorded at the acquisition prices and are depreciated on a straight line basis over their estimated service life.

Equity participations

The equity participations are valued individually at their lowest acquisition price or estimated realizable value as determined by the board of directors on the basis of the financial statements of the companies and/or any other available information and documentation.

Debtors

Loans and advances considered as financial fixed assets and current asset debtors are valued at their nominal value. A value adjustment is carried out when the estimated realizable value is lower than the nominal value.

Marketable securities

Marketable securities are valued at the lowest level of their acquisition price or their market value at the balance sheet date. The valuation is made individually and without any compensation between individual unrealized gains and losses. The acquisition price includes the buying price and the accessory fees. The result realized on the sale of the marketable securities is based on the average cost.

Provisions for liabilities and charges

Provisions to be constituted in order to cover the foreseeable risks and charges are to be examined by the Board of Directors at the end of each period by taking into account prudence and fair view principles. The provisions constituted during the preceding periods are reviewed and reversed if no longer necessary.

NOTE 3 - INTANGIBLE AND TANGIBLE FIXED ASSETS

See the following table:

	Intangible fixed assets EUR	Tangible fixed assets EUR
Acquisition price, beginning of year	15,623.81	3,594.64
Additions	2,400.00	648,576.89
Acquisition price, end of year	18,023.81	651,871.53
Accumulated depreciation, beginning of year	(4,885.00)	(693.95)
Depreciation for the year	(3,958.00)	(33,417.50)
Accumulated depreciation, end of year	(8,843.00)	(34,111.45)
Net value, end of year	9,180.81	617,760.08

NOTE 4 - FINANCIAL FIXED ASSETS

Financial fixed assets consist of equity participations acquired by the company ORCO and loans and advances to companies in which the company ORCO holds an interest, including interest receivable to capitalize.

Financial fixed assets consist of:

	2003 EUR	2002 EUR
Equity participations	10,732,268.54	9,298,052.34
Loans and advances	56,918,682.55	35,153,423.46
Value adjustments	(155,000.00)	(155,000.00)
	67,495,951.09	44,296,475.80

Movements during the financial year on equity participations are summarised as follows:

	2003 EUR	2002 EUR
Acquisition price, beginning of year	9,298,052.34	9,096,112.27
Additions	1,775,971.89	231,963.38
Deductions	(341,755.69)	(30,023.31)
Acquisition price, end of year	10,732,268.54	9,298,052.34

Equity participations are detailed as follows (in ths. EUR):

Company	Country	Acquisition price 31.12.2003 thous. EUR	% held	Capital accounts including profit 31.12.2003 thous. (local currency)	Results Profit (loss) thous. (local currency)
Orco Paris SARL	France	8	100 %	22	-
ORCO Project Management s.r.o.	Czech Republic	178	100 %	(22,497)	(3,578)
Anglicka 26 s.r.o.	Czech Republic	308	100 %	8,207	(3,041)
Zahrebska 35 s.r.o.	Czech Republic	286	100 %	(6,284)	(15,075)
Americka-Orco a.s.	Czech Republic	780	100 %	2,749	(463)
Machova-Orco a.s.	Czech Republic	1,177	100 %	(981)	(1,162)
Americka 1 a.s.	Czech Republic	1,567	100 %	36,074	4,442
Americka 33 a.s.	Czech Republic	345	100 %	1,612	(4,659)
Belgicka-Na Kozacce s.r.o.	Czech Republic	1,206	100 %	9,511	1,010
Londynska 41 s.r.o.	Czech Republic	14	100 %	(2,253)	(1,460)
Nad Petruskou s.r.o.	Czech Republic	296	100 %	(5,764)	(12,156)
Londynska 39, s.r.o.	Czech Republic	104	100 %	(1,846)	721

ORCO HOTEL GROUP S.A.	Luxembourg	37	76.5 %	14,561	(524)
Londynska 26 a.s.	Czech Republic	233	100 %	(5,781)	(4,668)
Orco Property a.s.	Czech Republic	299	50 %	718	(7,359)
ORCO Property Management a.s.	Czech Republic	121	100 %	2,292	1,068
Orco Vinohrady a.s.	Czech Republic	27	100 %	(2,872)	(8,439)
ORCO Prague a.s.	Czech Republic	27	100 %	(8,645)	(8,444)
Orco Bukurest	Rumania	3	96 %	NA	NA
Orco Budapest Rt	Hungary	352	100 %	253,295	(50,981)
Orco Vagyonkezele Kft	Hungary	24	100 %	(34,847)	(40,413)
Orco Project Organization Rt	Hungary	119	100 %	1,512	(8,158)
Mestska Investicni a.s.	Czech Republic	2,627	100 %	47,052	2,948
Agrohouse (Revay) Rt	Hungary	494	100 %	158,229	(63,347)
Orco Zagreb	Croatia	3	100 %	NA	NA
KOSIC S.a.r.l.	Luxembourg	16	50 %	31	-
The Endurance Management Company S.A.	Luxembourg	63	100 %	NA	NA
Orco Strategy S.A.	Luxembourg	18	100 %	NA	NA
		10,732			

NOTE 5 - DEBTORS

See the following table:

	2003 EUR	2002 EUR
Amounts owed by affiliated undertakings	1,664,143.89	1,835,609.00
Receivable on sales of equity participations	5,000,000.00	3,080,000.00
Other debtors	1,153,316.65	870,862.19
	7,817,460.54	5,786,471.19

NOTE 6 - MARKETABLE SECURITIES

See the following table:

	2003 EUR	2002 EUR
Own shares	256,235.02	1,346,147.60
Own Bonds (note 9)	-	3,583,000.00
	256,235.02	4,929,147.60

On December 31, 2003, the company owns 12,916 own shares acquired to secure group employees stock options (see note 12).

NOTE 7 - CAPITAL ACCOUNTS

Evolution of the capital accounts:

	Share capital EUR (1)	Share premium EUR (1)	Reserve for own shares EUR (3)	Legal reserve EUR (2)	Other EUR	Profit brought forward EUR
Balance on 31.12 . 2002	11,844,547.40	18,469,793.76	140,326.21	45,135.83	38,770.55	597,784.42
2002 profit						5,245,974.68
Appropriation of 2002 profit						
- dividend	125,701.90	357,223.00				(1,187,564.99)
- others			115,908.81	262,298.73	3,680,202.15	(4,058,409.69)
Capital increase	<u>4,499,750.00</u>	<u>14,613,250.00</u>	-	-	-	-
Balance at 31.12.2003	16,469,999.30	33,440,266.76	256,235.02	307,434.56	3,718,972.70	597,784.42

1) As of December 31, 2003, the subscribed and fully paid-up capital of EUR 16,499,999.30 (2002: EUR 11,844,547.40) is represented by 4,017,073 shares (2002: EUR 2,888,914) without nominal value.

2) In accordance with Luxembourg company law, the company is required to appropriate a minimum of 5% of the annual net profit to a legal reserve until the balance of such reserve equals 10% of the issued capital. The legal reserve is not available for distribution.

3) In accordance with Luxembourg company law, when own shares are held and shown as assets, a non distributable reserve of the same amount is constituted.

4) On December 31, 2003, the consolidated capital accounts amount to EUR 52,969,000 (2002: EUR 34,674,000) compared to capital accounts as per annual accounts which amount to EUR 56,432,000 (2002: EUR 36,382,000). Taking into consideration the estimated value of assets held by the subsidiaries, the Board of Directors estimates that it is not necessary to reduce the statutory capital accounts at their consolidated value.

NOTE 8 - PROVISIONS FOR TAXES

The company is a tax resident in Luxembourg for income tax and net worth tax. Final tax assessments have been received until and including the fiscal year 1997, including income taxes, and until and including the fiscal year 2000, including net worth tax. The amount of EUR 302,091.15 (2002: EUR 167,091.15) represents the provisions, net of the advances paid, constituted for the fiscal year from which the final assessments have not yet been issued. In accordance with the fiscal law in force the 2002 and 2003 profits are not subject to income taxes as they result from non taxable profits realized on transfer of participations under the conditions provided by tax law in matters of holding deadline. The amount of EUR 135,000 (2002: EUR 94,000) corresponds to the charge for net worth tax.

NOTE 9 - CREDITORS

Creditors are as follows:

	2003 EUR	2002 EUR
Due and payable within one year	10,450,707.18	10,556,082.87
Due and payable after more than one year	10,000,000.00	10,000,000.00
	<u>20,450,707.18</u>	<u>20,556,082.87</u>

Amounts owed to affiliated undertakings amount to EUR 6,738,054.41 (2002: EUR 5,324,102.26)

On December 31, 2003 and 2002, debenture loans are detailed as follows:

Number of bonds	Conversion price of share EUR	Interest rate	Maturity	EUR	Number of shares to issue in case of conversion
2003					
10,000	-	5.5	2005	10,000,000.00	
2,735	-	7	2004	2,735,000.00	
				12,735,000.00	
2002					
18	(1) 18.03	7	2003	1,287,671.29	71,411
1	(1) 24.00	6.5	2003	1,524,490.17	63,520
1,225	-	10	2003	1,225,000.00	-
10,000	-	5.5	2005	10,000,000.00	-
				14,037,161.46	134,931

Convertible bonds reimbursed during 2003. During the financial year 2002, the company issued two new bonds of EUR 1,225,000 and EUR 10,000,000. On December 31, 2002, the loan of EUR 10,000,000 issued at 92.5% was subscribed for by third parties up to EUR 6,417,000 and by the issuer to the amount of EUR 3,583,000, in order to sell these bonds on the market during 2003.

NOTE 10 - EQUITY PARTICIPATIONS

Income from participations is constituted by interest on loans and advances to subsidiaries.

NOTE 11 - EXCEPTIONAL LOSSES AND PROFITS

See the following table:

	2003 EUR	2002 EUR
- value adjustment on financial fixed assets (note 4)	-	(155,000.00)
- profits on sales of equity participations	3,984,500.00	3,066,299.40
- profit on sale of the company ORCO HOTEL GROUP S.A. shares to in order to meet with a stock-options agreement signed with two directors	-	2,995,656.29
	3,984,500.00	5,906,955.69

NOTE 12 - GUARANTEES AND COMMITMENTS

Stock-options

The company has granted the following share options to 7 employees and directors:

- 40,000 shares in four instalments of 10,000 shares each, to be exercised between 1999 and 2004 at prices increasing from EUR 18 to EUR 22.80 per share;

- 80,000 shares to be exercised between 1999 and 2004 at EUR 12.65 per share totally exercised during 2003;
- 80,000 shares to be exercised between 2001 and 2004 at EUR 12.65 per share of which up to 40,000 were exercised during 2003 ;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised between 2001 and 2003 at prices increasing from EUR 20 to EUR 30 per share;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised from 2002 at prices increasing from EUR 20 to EUR 30 per share;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised from 2002 and 2004 at prices increasing from EUR 20 to EUR 30 per share;
- 3,000 shares in two instalments, first instalment of 2,000 shares in year 2003 for EUR 25 per share, and second instalment of 1,000 shares in year 2005 for EUR 30 per share;
- 3,000 shares in two instalments, first instalment of 1,500 shares in year 2003 for EUR 25 per share, and second instalment of 1,500 shares in 2004 for EUR 30 per share.

5.2 Changes in the issuer's shareholder's fund

The information on changes in ORCO's shareholder's fund for the last three accounting periods are in accordance with § 9 para. 1 letter b) of the Decree and are shown in the table in note 9 in Chapter 5.1.1 hereof.

5.3 Profit on ordinary activities of the issuer per share and other economic ratios

Profit on ordinary activities before tax of the company ORCO per share of the company ORCO for the last three accounting periods is shown in the following table:

	Consolidated profit on ordinary activities (in EUR)	Non-consolidated profit on ordinary activities (in EUR)	Number of shares	Consolidated profit on ordinary activities per share (in EUR)	Non-consolidated profit on ordinary activities per share (in EUR)
2003	-2,479,000	-2,205,725	4,017,073	-0.57	-0.55
2002	171,000	-566,981	2,888,914	-0.06	-0.19
2001	2,673,000	37,086	2,625,675	1.04	0.01

Consolidated and non-consolidated profit on ordinary activities before tax per share of the company ORCO for the last three accounting periods is shown in the following table:

	Consolidated profit (in EUR)	Non-consolidated profit (in EUR)	Number of shares	Consolidated profit per share (in EUR)	Non-consolidated profit per share (in EUR)
2003	252,000	1,641,725	4,017,073	0.06	0.41
2002	2,520,000	5,245,974	2,888,914	0.86	0.90
2001	1,976,000	-21,166	2,625,675	0.66	-0.01

The following table illustrates further the change in capital after converting per share for the last two accounting periods (in the last line, as „NAV/share“):

Data in thous. EUR	2002	2003	Variation
Net Consolidated Equity	34,671	51,146	+ 47.5 %
DTZ valuation of assets	133,760	178,316	+ 33.3 %
Book value of tangible assets	89,519	110,960	+ 24.0 %
Capital gains	44,241	67,356	+52.2 %
Number of shares (in thous.)	2,889	4,017	+39 %
NAV / share	27.3	29.5	+8 %

NAV = Net Consolidated Equity + DTZ valuation of assets – Book value of tangible assets

Despite the EUR 17.6 million capital increase that led to a 39% rise in the number of issued shares, and the 20% net debt increase, the NAV per share raised by 8% to EUR 29.5 in the last accounting period.

5.4 Dividend for the last three accounting periods

The company ORCO has introduced the policy of dividend payment that is both based on long-term incomes from real-estate activities (income being created especially by rent) and short-term incomes from a building entrepreneur's activities, where incomes should increase in accordance with the realised policy of development that has been strengthened with acquisition of the company IPB Real a.s.

On 10 June 2003, the General Meeting decided, for the first time since the establishment of ORCO, to pay the gross dividend of EUR 0.40 per share held that will be due in cash or new shares in the relation 1 new share for 40 shares held.

The total dividend of EUR 1,187,565 was paid. The shareholders holding the total number of 1,462,151 shares decided on free allocation of other 30,659 new shares of the company ORCO. The shareholders holding the total number of 1,506,763 shares decided to pay in cash EUR 0.40 gross per share. From these amounts, tax was collected by deduction in the total amount of EUR 143,698.32.

The General Meeting on 29 April 2004 decided to pay gross dividend of EUR 0.45 per share held due in cash or new shares. The price of new share was fixed for EUR 21.72. The total dividend was paid at the amount of EUR 1,825,694.55. The shareholders holding the total number of 3,031,679 shares decided to allocate 54,764 new shares. The shareholders holding the remaining shares decided to pay EUR 0.45 gross per share. From these amounts, tax was collected by deduction in the total amount of EUR 262,019.88.

The company ORCO did not pay any dividends for 2001 neither before.

5.5 Conversion formula

Profit per share of the company ORCO is calculated as follows: net profit per ordinary shares of the company is divided by weighted average of shares issued in the respective year. Consolidated profit per share is calculated as follows: the number of shares issued is adjusted so that it reflects the maximum impact of conversion of financial instruments towards ordinary shares after deduction of own shares held by the company ORCO as of the financial statements date.

5.6 Interim financial statements and the issuer's economic results

5.6.1 Consolidated interim financial statement

CONSOLIDATED BALANCE SHEET

June 30, 2004

(denominated in thousand Euros)

Notes refer to Annex

ASSETS	30. 6. 2004	31.12.2003	30.6.2003
FIXED ASSETS			
Intangible fixed assets (note 4)	1,543	1,628	1,614
Tangible fixed assets (note 5)	103,051	108,650	86,693
Financial fixed assets			
Non-consolidated investments	179	138	3
Loans to affiliates	1,685	0	1,586
	<u>1,864</u>	<u>138</u>	<u>1,589</u>
	106,458	110,416	89,896
CURRENT ASSETS			
Inventories (note 6)	45,368	42,795	4,624
Trade debtors (note 7)	43,244	21,937	746
Tax	3,132	8,102	5,050
Other debtors	<u>15,166</u>	<u>8,621</u>	2,253
	106,910	81,455	12,673
TREASURY			
Marketable securities (note 8)	152	391	116
Cash	<u>14,356</u>	<u>16,160</u>	3,247
	14,508	16,551	3,363
Prepayments (note 12)	2,741	6,833	1,369
TOTAL ASSETS	230,617	215,255	107,301
LIABILITIES			
SHAREHOLDER'S FUND (note 9)			
Subscribed share capital	17,475	16,470	12,230
Share premium account	36,632	32,335	18,800
Legal reserve	389	307	307
Non-distributable reserve	-	256	1,486
Consolidated reserve	2,092	6,078	4,656
Translation difference	-2,314	-2,729	-5,178
Profit for the year	4,791	252	-2,262
Minorities interest	-820	-1,201	-
Minorities reserves	488	-622	-
	59,065	51,146	30,398

PROVISIONS FOR RISKS AND
CHARGES

(note 10)	7,678	7,579	398
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LIABILITIES (note 11)

Convertible bonds			
Non-convertible bonds	<u>15,735</u>	12,735	11,225
Borrowings and overdrafts	<u>63,282</u>	70,633	52,620
Interests payable	334	193	445
Creditors on assets	-	0	884
Trade creditors	12,601	10,811	4,567
Customers prepayments	57,192	52,888	-
Tax liabilities	3,927	1,944	1,384
Amounts due to shareholders	5,248	3,357	124
Other creditors	<u>5,270</u>	<u>3,823</u>	5,551
	163,589	156,484	76,800

Accruals and deferred income (note 12)	657	46	64
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TOTAL LIABILITIES	230,617	215,255	107,301
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CONSOLIDATED PROFIT AND LOSS ACCOUNT

June 30, 2004

(denominated in thousand Euros)

Notes refer to Annex

	30. 6. 2004	31.12.2003*	30.6.2003
Sales (note 13)	43,779	22,780	4,647
Offices	740	2,091	1,297
Residential	864	1,446	716
Aparthotels	1,246	1,296	409
Hotel	3,263	4,954	2,140
Others services	0	427	85
Yield from the sale of buildings in stock	37,666	12,565	0
Capitalized production costs (note 14)	199	1,068	415
Others operating income and transfer of charges	178	3,026	50
Gain on fixed assets disposal	0	2,455	0
Reversal of operating provisions	0	248	4
Other operating income	178	322	46
Cost of sales	-13,877	- 8,947	0
Purchases and outside services	-15,635	- 7,297	-3,225
Payroll costs	-3,682	- 4,059	-2,030
Other operating charges	-1,376	- 482	-29
Taxes	-227	- 184	-29
Other operating charges	-1,149	- 298	0
Amortization, depreciation and provisions	-3,013	- 2,893	-1,358
Operating profit (note 15)	6,573	3,196	-1,558
Financial income	340	675	149
Change profit	-621	288	-28
Financial charges	-2,706	- 6,638	-2,364
Net financial profit (note 16)	-2,978	- 5,675	-2,243
Profit on ordinary activities before tax	3,586	- 2,479	-3,801
Exceptional charges (note 17)	5,518	172	154
Corporation tax (note 18)	-5,133	1,358	1,385
Net profit	3,917	- 949	-2,262
Minority interests	820	1,201	0
PROFIT FOR THE PERIOD	4,791	252	-2,262

Notes to the consolidated financial statements:

NOTE 1 - GENERAL

The company ORCO was incorporated on September 9, 1993, in the form of a joint-stock company for an unlimited term.

The company's business mainly focuses on the one hand on management of property companies based in the Czech Republic, Hungary, Poland and Slovakia. The group diversified further with hotel activities and hotel residences. All amounts are expressed in thousands of Euros except for information about shares in issue and exchange rates.

NOTE 2 - CONSOLIDATION BASIS AND PRINCIPLES

a) Consolidation basis

The group's consolidated financial statements include the accounts of the following companies:

Company	Country	Company	% shareholding	
			30. 6. 2004	31. 12. 2003
MaMaison Bratislava s.r.o.	Slovakia	SKK	65.54%	70.92%
Kosik Development, s.r.o.	Czech Republic	CZK	50%	-
Oak Mill, a.s.	Czech Republic	CZK	50%	-
Orco Property, a.s.	Czech Republic	CZK	50%	50%
Americka Park, a.s.	Czech Republic	CZK	65.54%	70.92%
Pachtuv Palac, s.r.o.	Czech Republic	CZK	65.54%	70.92%
Résidence Belgicka, s.r.o.	Czech Republic	CZK	65.54%	70.92%
Résidence Masaryk, a.s.	Czech Republic	CZK	65.54%	70.92%
MMR Management, s.r.o.	Czech Republic	CZK	65.54%	-
Janackovo Nabrezi 15, s.r.o.	Czech Republic	CZK	76.50%	76.50%
Orco Hotel Development, a.s.	Czech Republic	CZK	76.50%	76.50%
Orco Hotel Management, s.r.o.	Czech Republic	CZK	76.50%	76.50%
Orco Hotel Project, a.s.	Czech Republic	CZK	76.50%	76.50%
Orco Property Start, a.s.	Czech Republic	CZK	76.50%	76.50%
I. Sportovni, a.s.	Czech Republic	CZK	100%	100%
Americka 1, a.s.	Czech Republic	CZK	100%	100%
Americka 33, a.s.	Czech Republic	CZK	100%	100%
Americka-Orco, a.s.	Czech Republic	CZK	100%	100%
Anglicka 26, s.r.o.	Czech Republic	CZK	100%	100%
Belgicka - Na Kozacce, s.r.o.	Czech Republic	CZK	100%	100%
NOVÉ MEDLÁNKY, a.s.	Czech Republic	CZK	100%	100%
IPB Real, a.s.	Czech Republic	CZK	100%	100%
IPB Real development, a.s.	Czech Republic	CZK	100%	100%
IPB Real reality, a.s.	Czech Republic	CZK	100%	100%
IPB Real, s.r.o	Czech Republic	CZK	100%	100%
Jihovýchodni Mesto, a.s.	Czech Republic	CZK	100%	100%
Londynska 26, a.s.	Czech Republic	CZK	100%	100%
Londynska 41, s.r.o.	Czech Republic	CZK	100%	100%
Machova-Orco, a.s.	Czech Republic	CZK	100%	100%
Manesova 28, a.s.	Czech Republic	CZK	100%	100%
Nad Petruskou, s.r.o.	Czech Republic	CZK	100%	100%
Orco Prague, a.s.	Czech Republic	CZK	100%	100%
Orco Project Management, s.r.o.	Czech Republic	CZK	100%	100%
Orco Property Management, a.s.	Czech Republic	CZK	100%	100%
Orco Vinohrady, a.s.	Czech Republic	CZK	100%	100%
Londynska 39, s.r.o.	Czech Republic	CZK	100%	100%
Zahrebska 35, s.r.o.	Czech Republic	CZK	100%	100%
Orco Hotel Project Sp. zo.o.	Poland	PLN	76.50%	-
Orco Warsaw Sp. zo.o.	Poland	PLN	76.50%	76.50%
Orco Poland Sp. zo.o.	Poland	PLN	76.50%	-
Orco Hotel Development Sp. zo.o	Poland	PLN	76.50%	-
Kosic s.a.r.l.	Luxembourg	EUR	50%	-
MaMaison Residences S.A.	Luxembourg	EUR	65.54%	70.92%

Orco Aparthotel S.A.	Luxembourg	EUR	65.54%	70.92%
Orco Hotel Collection S.A.	Luxembourg	EUR	100%	100%
Orco Hotel Group S.A.	Luxembourg	EUR	76.50%	76.50%
Orco Hotel Management Kft.	Hungary	HUF	76.50%	76.50%
Residence Izabella Rt.	Hungary	HUF	65.54%	70.92%
Orco Hotel Rt.	Hungary	HUF	76.50%	76.50%
Izabella 62-64 Kft.	Hungary	HUF	100%	-
Orco Budapest Rt.	Hungary	HUF	100%	100%
Orco Project Szervezo Rt.	Hungary	HUF	100%	100%
Révy 10 Kft.	Hungary	HUF	100%	100%
Orco Vagyonkezezo Kft.	Hungary	HUF	100%	100%
Vinohrady s.a r.l.	France	EUR	100%	100%

The core business of the consolidated companies is to manage property investments, to manage financial investments, or provide services in the real-estate field.

The financial year of all the companies included in the consolidation ends on December 31.

All companies included in the consolidation are controlled solely by the parent company and therefore fully consolidated except for ORCO PROPERTY a.s., Kotic s.a.r.l. and Oak Mill, a.s. The company ORCO PROPERTY, a.s. is a joint venture with TriGránit Development Corporation, each partner holding there 50% share, the company Kotic s.a.r.l. is a joint venture (50/50 share) with a subsidiary of the company GECGE Kosik Investors Sarl belonging to the group GE Capital Golub, and the company Oak Mill, a.s. is a joint venture (50/50 share) with a Czech private investor. These companies are consolidated proportionately.

The following subsidiaries, without activity or significant nature within the group, as of 31 December 2003, are not consolidated:

	% shareholding		
	30. 6. 2004	31. 12. 2003	31. 12. 2002
Orco Bucharest	96 %	96 %	96 %
Orco Zagreb	100 %	100 %	100 %
Orco Trade, s.r.o.	100 %	-	-
Orco Estate, s.r.o.	100 %	-	-
Orco Alfa, s.r.o.	100 %	-	-
The Endurance Fund Management Company S.A.	50 %	50 %	-

b) Consolidation principles

The significant consolidation principles used to establish the consolidation financial statements can be summarized as follows:

(i) Conversion of foreign subsidiaries' accounts

The economic result as well as the financial situation of subsidiaries of the company ORCO, whose local currency differs from the currency in which ORCO financial statements are executed, are converted using the following rules: property and obligations are converted using the exchange rate at the end of the respective period, incomes and fees are converted using the average exchange rate in the respective period and all differences are recorded on the account „Translation difference“.

(ii) Deferred taxes

Deferred taxes assets and liabilities are recorded to take account of temporary differences between the accounting recognition of certain expenses and income, due to restatements in order to comply with the applicable accounting rules and their inclusion in taxable income. Long term deferred tax bases lead to the accounting for a deferred tax, except when the update reduces it to an insignificant amount. Net deferred tax assets are recognised on the balance sheet if the company is reasonably certain of their recoverability. Deferred tax is accounted for using the liability method.

(iii) Acquisition goodwill

Entries in the scope of consolidation bases are registered to their true value. The difference between the value upon entry in the consolidated balance sheet and the book value of the same element in the balance sheet of the company under control represents goodwill on evaluation. The difference between the acquisition cost of shares and the total evaluation of assets and liabilities identified on acquisition date represents goodwill on acquisition. This goodwill is mainly allocated to buildings, based on property valuations. So far, there is no residual goodwill in the consolidated financial statements.

No liabilities deferred tax has been recognised on evaluation goodwill. All real estates are owned by a specific subsidiary held by ORCO or ORCO HOTEL GROUP S.A., which have the Soparfi³ status. Since then, yields realized on the sale or on the clearance sale of interests are exempt from all tax as long as the Soparfi holds a minimum of 10% of the subsidiary's capital or if its purchase price was at least e 6 million.

(iv) Clearance of intercompany accounts

All intercompany accounts and intercompany transactions are eliminated.

(v) Leasing contract – financing

The only long-term rental agreement is operational and therefore is not retreated.

(vi) Minority interests

Minority interests are calculated on the basis of their share in share capital.

(vii) Capital increase cost

Capital increase net of tax, are deducted from the share yield account.

NOTE 3 - MAIN ACCOUNTING POLICIES AND METHODS

General principles

The consolidated financial statements of ORCO and its subsidiaries are based on generally accepted accounting principles valid in Luxembourg.

The consolidated accounts as of December 31, 2003 have been established according to the accounting principles valid in France. This change has not impact on the financial situation of ORCO as of 1 January 2004 nor the results of individual accounts of ORCO.

Conversion of foreign currencies

Assets and liabilities of the subsidiaries denominated in currencies other than their local currency are converted into the currency of these subsidiaries at the closing rates published by the Central Banks of these three countries. The resulting translation differences are recorded as profit or loss.

Intangible assets

³ Soparfi is a trading company according to the Luxembourg public law that uses Article 166 of the Luxembourg Income Tax Act. This articles regulates exemption from income taxes for owned material and stable participations. This includes dividends and transfer yields realised by selling or liquidation of these participations. Dividends paid by a subsidiary of the Luxembourg parent company „Soparfi“ will be exempt from all taxes, if „Soparfi“ will hold minimally 10 % of capital of its subsidiary or if its acquisition price will be minimally EUR 1,200,000. The company „Soparfi“ also has to own this subsidiary continuously for the period of minimally 12 months or undertake that it will hold it minimally 12 months, if this condition is not met. The yields the company „Soparfi“ has achieved by transfer or liquidation of participation are exempt from all taxes, if the company „Soparfi“ holds minimally 10% share in the subsidiary's share capital or if its acquisition price was minimally EUR 6,000,000. Further, the company can be only a local (i.e. Luxembourg) company fully subject to tax that corresponds to the association income tax (min. 15 %), or a company with the registered office in any member state of the European Union to which the Directive of EEC Council of 23 July 1990 applies. Transferred equity shares had to be in continuous ownership of the company „Soparfi“ for the period of 12 months or the company „Soparfi“ must undertake to hold the rest at the amount of at least 10 % of share capital of the subsidiary for a not interrupted period of 12 months.

Intangible assets are recorded at acquisition price or cost less amortization. Amortization is calculated on a straight-line basis over the following period (based on estimated useful life):

Set-up costs 4 years
Software 4 years

Tangible fixed assets

The tangible fixed assets of the company ORCO and its subsidiaries are recorded at purchase price plus incidental expenses and, for buildings, renovation costs. Borrowing costs incurred during building renovations, i.e. between purchase and completion, are included in the acquisition cost. They mainly include buildings held by the Group and given or intended to be rented. Tangible fixed assets are depreciated on a straight-line basis over the following periods:

Buildings 45 years
Plant and machinery 4 - 15 years
Office equipment and IT hardware 3 - 4 years

Financial assets

Financial assets are recorded at their lowest acquisition cost or utility value. A provision is made when the book value at the period end is higher than the utility value of the investment; as far as real-estate investments are concerned, the utility value of potential latent yields of begun real-estate projects is especially taken into account in the calculation.

Inventories

Inventories include buildings held and intended to be sold. They are recorded at their purchase costs plus incidental expenses and renovation costs. Borrowing costs incurred during building renovations, i.e. between purchase and completion, are included in the acquisition cost. A provision is made when the book value at the period end is higher than the audited value. On 31 December 2003 no such provision was necessary.

Debtors

Current asset debtors are recorded at nominal value. They are written down when their estimated realizable value is less than their nominal value.

NOTE 4 - INTANGIBLE ASSETS

See the following table:

	start up costs	software	usable rights and other intangible assets	total
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Acquisition values				
Start of the period	1,295	476	1,283	3,054
Movements during the years:				
- Acquisitions		15	108	123
- Disposals		6	12	18
- Change in consolidation structure			371	-371
- Reclassification	<u>-1,285</u>	<u>-46</u>	<u>854</u>	<u>-477</u>
End of the period	10	451	2,257	2,718
Amortization				
Start of the period	-902	-277	-247	-1,426
Movements during the years:				
- Charges	-2	-47	-73	-122
- Release	<u>897</u>	<u>31</u>	<u>-550</u>	<u>373</u>
End of the period	-7	-293	-875	-1,175

Net book value at the end of the period	3	158	1,382	1,543
Net book value at the end of the previous year	393	199	1,036	1,628

NOTE 5 - TANGIBLE FIXED ASSETS

See the following table:

	Lands	Buildings	Other installations, plant and machinery and furniture	Advances paid and construction in progress	Total
	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR	in thous. EUR
Acquisition values					
Start of the period	<u>19,551</u>	<u>84,127</u>	<u>6,162</u>	<u>10,039</u>	<u>119,879</u>
Movements during the years:					
- Acquisitions	2,376	106	633	10,328	13,443
- Disposals	-4,411	-496	-335	-439	-5,681
- Reclassification	-10,691	-5,065	-1,025	1,408	15,373
- Conversion difference	<u>503</u>	<u>-1,388</u>	<u>129</u>	<u>356</u>	<u>-400</u>
End of the period	7,328	77,284	5,564	21,692	111,868
Amortization					
Start of the period	-	<u>-8,418</u>	<u>-2,811</u>	-	<u>-11,229</u>
Movements during the years:					
- Acquisitions	-	-1,021	-608	-	-1,629
- Disposals	-	438	184	-	622
- Reclassification	-	2,676	968	-	3,644
- Conversion difference	-	-167	-58	-	-225
End of the period	-	<u>-6,492</u>	<u>-2,325</u>	-	<u>-8,817</u>
Net book value at the end of the period	7,328	70,792	3,239	21,692	103,051
Net book value at the end of the previous year	19,551	75,709	3,351	10,039	108,650

NOTE 6 - STOCKS

The stocks entry mainly corresponds to 50% of the office part of the Luxembourg Plaza project (the company ORCO PROPEY a.s. consolidated by proportional integration: cf. note 2 a), intended to be sold after completion and to the promotion projects in development of the subsidiary IPB Real acquired in 2003.

NOTE 7 - DEBTORS

See the following table:

Gross value		Provisions for doubtful debts		Net value	
in thous. EUR		in thous. EUR		in thous. EUR	
30/06/04	31/12/03	30/06/04	31/12/04	30/06/04	31/12/03
50,659	29,364	7,415	7,427	43,244	21,937

All debts are due in less than one year.

NOTE 8 - CURRENT ASSET INVESTMENT

See the following table:

As of:	30. 6. 2004	31. 12. 2003
	In thous. EUR	in thous. EUR
Marketable securities	152	135
Own shares	0	256
	152	391

NOTE 9 - CAPITALIZED PRODUCTION COSTS

Change in equity

	Share capital (1)	Share premium account (1)	Legal reserve (2)	Non-distributable fund	Consolidated reserves	Translation difference	Consolidated shares	Profit/Loss of the year	Total
	in th. EUR	in th. EUR	in th. EUR	in th. EUR	in th. EUR	in th. EUR	in th. EUR	in th. EUR	in th. EUR
Situation on December 31, 2003	16,470	32,335	307	256	6,078	-2,729	0	252	52,969
Profit (loss) division for 2003					252			-252	0
Share capital increase	1,005	4,297							5,302
Correction of errors					-1,495				-1,495
Difference						415			415
Division to reserves			82	-256	174				0
Dividend					-1,826				-1,826
Change in basis					-1,091				-1,091
Consolidated profit from 1.1. to 30.06.2004								4,791	4,791
Situation on 30 June 2004	17,475	36,632	389	0	2,092	-2,314	0	4,791	59,065

1) As of 30 June 2004, the subscribed capital of the parent company is EUR 17,474,511.60 represented by 4,262,076 shares without a nominal value. In the accounting period 2003, share capital was increased by EUR 1,005,000 (1,128,159 new shares) following stock options exercises (120,000 shares), the distribution of a dividend in shares (30,659 shares) and therefore the conversion of reserves into capital and lastly the capital increase by public issue (977,500 shares).

2) In accordance with Luxembourg company law, the company is required to appropriate a minimum of 5% of the annual net profit to a legal reserve until the balance of such reserve equals 10% of the issued share capital. The legal reserve is not available for distribution.

3) The company ORCO's shares on December 31, 2003: 12,256 shares for an acquisition price of EUR 256,000 classified in financial assets. These shares were sold in the first half of 2004.

4) Costs related to increase in share capital were (without tax) EUR 1,142,000.

NOTE 10 - PROVISIONS FOR LIABILITIES AND CHARGES

The change in provisions for liabilities and charges is:

in thous. EUR	31.12.03	Acquisitions	Disposals	Transfers	30. 6. 2004
Provision for fortune tax	135	87	-33	132	321
Provisions for guarantees given	4,609			-3,822	787
Provisions for litigation	1,360		-559	26	827
Provision for repairs	525	1,272	-88	3,630	5,339
Various	463	2	-365	-80	20
Total	7,579	1,361	-1,148	-114	7,678

The evolution of the other risks and litigation with which the group is confronted and not being subject to a provision is the following:

Opera Business Center (Budapest)

A subsidiary of the company ORCO, Orco Budapest Rt, had litigation about the validity of the ownership of a building it holds. An amicable settlement of this litigation had been negotiated during the year. The full ownership of this building will be given back to Orco Budapest Rt in return for a complementary payment of 1.5 million dollars. The court's decision cancelling the appeals that each party has against the other has been postponed to February 2004 and delays the final settlement of this litigation. A guarantee from ORCO HOLDING S.A. to the company ORCO guarantees any loss it could therefore risk.

NOTE 11 - DEBTS

The residual debts terms are as follow:

30/06/04	In thous. EUR	Less than 1 year	1 year to 5 years	More than 5 years	Total
Non-convertible		5,735	10,000	-	15,735
Borrowings and overdrafts		3,686	9,809	49,787	63,282
Interest payable		334	-	-	334
Trade creditors		12,601	-	-	12,601
Partial payments received		57,192	-	-	57,192
Tax liabilities		3,927	-	-	3,927
Amounts due to shareholders		5,248	-	-	5,248
Other creditors		5,270	-	-	5,270
	Total	93,993	20,059	49,787	163,589

As of 30 June 2004, all borrowings and overdrafts were guaranteed by mortgages on the buildings and secured by the shares of the companies owning those buildings (note 20).

Bonds correspond to the following two issues:

Number of bonds	Interest rate in %	Maturity	Amount in ths. EUR
2,735	7 %	09/2004	2,735
10,000	5.5 %	12/2005	10,000
3,000	6 %	04/2005	3,000

NOTE 12 - PREPAYMENT / DEFERRED INCOME

Prepayments (accruals) consist mainly of rents collected in advance and of share premiums for issued bonds amortized on the length of the loan. Deferred incomes (deferrals) mainly consist of advances from the contractor in the case of contracts for work.

NOTE 13 - SALES - OPERATIONAL RESULT

Geographical analysis of sales:

	As of 30. 6. 2004	2003
	in thous. EUR	in thous. EUR
Czech Republic	42,252	20,326
Hungary	1,432	2,108
Slovakia	9	39
Luxembourg	52	303
France	18	4
Poland	16	0
TOTAL	43,779	22,780

Analysis of sales by activity:

Sales	As of 30. 6. 2004	2003
	in thous. EUR	in thous. EUR
Rental (offices)	740	2,091
Residential	864	1,446
Hotel residence	1,246	1,296
Hotels	3,263	4,954
Promotion	37,666	12,565
Other services provided	0	427
TOTAL	43,779	22,780

NOTE 14 - CAPITALIZED PRODUCTION COSTS

The capitalized production costs correspond to the performance of contracts realized by the group for its own behalf without margin (real-estate promotion for own behalf). The amount of capitalized production costs also includes study costs incurred during the year when the acquisition contract was signed.

NOTE 15 - FINANCIAL RESULT

The financial result is represented by interests paid on bank loans and bonds issued as well as by exchange operations with foreign currency.

NOTE 16 - MINORITY INTERESTS

The consolidated accounts reflect the positive impact of minority interests. Accounting for losses of minority shareholders in the first half of 2004 corresponds to the amount of EUR 820,000.

NOTE 17 – DEFERRED TAX

Deferred tax amounts to EUR 3,132,000 and consists of EUR 4,176,000 of tax claims and EUR 1,044,000 of tax obligations.

NOTE 18 - CORPORATE TAX

As of 30 June 2004, the total tax amounted to EUR 5,133,000 and consisted of due income tax in the first half of 2004 of EUR 3,159,000 and deferred tax claims of EUR 1,974,000.

NOTE 19 - ORCO DIRECTOR'S FEES

The remunerations paid to the ORCO directors for the first half of 2004 amount to EUR 277,000.

NOTE 20 – EXTRAORDINARY RESULTS

Extraordinary results consist mainly of positive land valuation in the project Benice/Čestlice of EUR 4,300,000, transfer of depreciation of EUR 3,398,000 and of negative corrections of opening balance sheets of Czech subsidiaries of the company ORCO of EUR 1,233,000, of negative duties of the company KOSIC Sarl of EUR 600,000 and negative duties of the company MaMaison Résidences S.A. of EUR 135,000.

NOTE 21 - OFF BALANCE SHEET COMMITMENTS

Share options (see the information on Chapters 3.2 and 6.5 hereof). The company ORCO has granted the following share options to 7 employees and directors:

- 40,000 shares in four instalments of 10,000 shares each, to be exercised between 1999 and 2004 at prices increasing from EUR 18 to EUR 22.80 per share;
- 80,000 shares to be exercised between 1999 and 2004 at EUR 12.65 per share, this option has been fully exercised in 2003;
- 80,000 shares to be exercised between 2001 and 2004 at EUR 12.65 per share, this option has been exercised up to 40,000 shares in 2003;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised between 2001 and 2003 at prices increasing from EUR 20 to EUR 30 per share;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised from 2002 at prices increasing from EUR 20 to EUR 30 per share;
- 6,000 shares in three instalments of 2,000 shares each, to be exercised between 2002 and 2004 at prices increasing from EUR 20 to EUR 30 per share;
- 3,000 shares in two instalments, first instalment of 2,000 shares in year 2003 for EUR 25 per share, and second instalment of 1,000 shares in year 2005 for 30 EUR per share; and
- 3,000 shares in two instalments, first instalment of 1,500 shares in year 2003 for EUR 25 per share, and second instalment of 1,500 shares in 2004 for EUR 30 per share.

Guarantees granted:

The following bank loans have been taken out with first-rate banking establishments and require two types of guarantees:

- Mortgage on the buildings,
- Pledge of shares of the companies owning those buildings.

Company	Buildings	Credits and account currents		Maturity	Fixed int. rate (F)	Guarantee	Bank
		in thous. EUR as of 30.06.04	in thous. EUR as of 31.12.03		Variable interest rate (V)	Pledge (P) Mortgage (M)	
Prague:							
Residence Masaryk, a.s.	Jana Masaryka 40	1,034	1,075	2018	V	P+M	Ceska Sporitelna, a.s.
Residence Belgicka, s.r.o.	Residence Belgicka	2,453	2,543	2018	V	P+M	Ceska Sporitelna, a.s.
Americka Park, a.s.	Residence Am Park	1,713	1,752	2018	V	P+M	Reinhyp AG
Americka 33, a.s.	-	3,684	3,615	2004	V	P	Cesloslovenska obchodní banka, a.s.
Americka 33, a.s.	-	0	5,717	2007	V	P	Cesloslovenska obchodní banka, a.s.
Pachtuv Palac s.r.o.	Pachtuv Palac	8,239	7,791	2018	V	P+M	Ceska Sporitelna, a.s.
ORCO Hotel Development a.s.	Hotel Imperial	3,063	2,725	2006	F	P+M	Depfa Bank
Janackovo nabrezi 15, s.r.o.	Hotel Riverside	4,944	5,007	2008	F	P+M	Aareal Bank AG
Anglicka 26, s.r.o.	Anglicka 26	168	172	2013	F	P+M	Aareal Bank AG
Orco Vinohrady a.s.	Belgicka 40	1,592	1,612	2013	F	P+M	Aareal Bank AG
Londynska 26, a.s.	Londynska 26	1,156	1,171	2013	F	P+M	Aareal Bank AG
Manesova 28, a.s.	Manesova 28	2,296	2,354	2012	F	P+M	Aareal Bank AG
Londynska 41	Londynska 41	3,114	3,154	2013	F	P+M	Aareal Bank AG
Americka-ORCO, a.s.	Americka 11, Americka 13	2,373	2,404	2013	F	P+M	Aareal Bank AG
Orco Property a.s.	Luxembourg Plaza	1,377	1,530		F	P+M	Raiffeisenbank as
Zahrebska 35, s.r.o.	Zahrebska 35	2,173	2,201	2013	F	P+M	Aareal Bank AG
Belgicka-Na kozacce, s.r.o.	Na kozacce 1, Belgicka 36	3,806	3,855	2013	F	P+M	Aareal Bank AG
Nad Petruskou, s.r.o.	Nad Petruskou	1,937	1,963	2013	F	P+M	Aareal Bank AG
Americka 1, a.s.	Americka 1	2,741	5,607	2018	V	P+M	Raiffeisenbank a.s.

Oak Mill, a.s.	Dubovy	137	-	2006			
Long-term lease contracts:							
Machova Orco, a.s.	Machova 18	830	841	2013	F	p	Aareal Bank AG
Budapest:							
Residence Izabella Rt.	Izabella	2,678	2,806	2015	V	P+M	Rheinhyp AG
ORCO Hotel Rt.	Hotel Andrassy	3,930	4,494	2011	F	P+M	Rheinhyp AG
Orco Revay Rt.	Revay	1,598	1,676	2006	V	P+M	Raiffeisen Bank Rt
Orco Hotel Management Kft		2		-	-	-	-
Varšava:							
ORCO Warsaw Sp.z.o.o.	Koscielna	6,177	4,486	2013	V	P+M	Raiffeisen BI Pol
Paříž:							
Vinohrady Sarl	Another property	67	82	2007	F		CGI
Total		63,282	70,633				

The guarantees granted to the financial establishments remain fully valid until complete reimbursement of credits. No partial levying on guarantee has been scheduled.

Long term leases:

The group of the company ORCO has concluded a long-term lease contract that is considered as a simple lease contract, and not leasing, and that concerns the following building at ul. Máchova 18 v Prague, included in accounts of the company Máchova-Orco a.s.

The company Americka 1 a.s. concluded an agreement signed on 31 December 2003 on transfer of one building with 12 apartments, the building No. 2 from the project Americka, to the company Helmine Entreprises Inc (hereinafter referred to as „Helmine“). The total price of transaction is EUR 5.4 million EUR + VAT. The price will be paid in more instalments during the accounting period 2004, the first instalment of EUR 2.8 million was paid on 23 March 2004. Further, the company ORCO has been charged by the company Helmine to sell the apartments individually. The parties have agreed that incomes or losses will be divided with respect to the total selling price of EUR 5.8 million. If the total price for sale of all apartments is lower than EUR 5.8 million, this difference will be divided equally between the companies ORCO and Helmine. If the total price for sale of all apartments will be higher than EUR 5.8 million, the division will be as follows:

The first part of EUR 300,000 above EUR 5,800,000 will belong whole to the company Helmine, the second part of EUR 300,000 (6,100,000 to 6,400,000) will be divided equally between the companies ORCO and Helmine, and any amount above EUR 6,400,000 will be divided in the ratio of 30 % for Helmine and 70 % for ORCO.

As of 30 June 2004, a letter of intent was signed for five out of 12 apartments in the complex with the total purchase price of EUR 2,095,000. In addition, three other apartment were reserved (their total purchase price is EUR 1,142,000).

KOSIC Sarl

Transfer of KOSIC Project has been agreed for EUR 4,000,000 of which the company ORCO has received EUR 2,500,000 and other two repayments of EUR 750,000 each are expected. The first of them is due on 30 June 2005 at the latest, after meeting the following conditions:

- getting zoning and planning decision for the second phase of the project,
- subscription of 100 shares of the company KOSIC Sarl in the nominal value of EUR 15 and payment of issue rate of EUR 1,500 by the company ORCO.

The second repayment is due on 31 December 2005 at the latest, after meeting the following conditions:

- getting zoning and planning decision for the third phase of the project, and
- subscription of 100 shares of the company KOSIC Sarl in the nominal value of EUR 15 and payment of issue rate of EUR 1,500 by the company ORCO.

Guarantees granted:

The company ORCO has granted a guarantee to Československá obchodní banka, a.s. for securing claims due from a credit granted to the company Americka 33, a.s. The total amount of credit is EUR 3,684,000.

The company MaMaison Résidences S.A. has granted to Slovenská spořitelna, a.s. a guarantor's statement for securing a credit granted to the company MaMaison Bratislava s.r.o. This credit consists of a long-term credit of EUR 1,500,000 and account current up to SKK 500,000.

NOTE 22 - NUMBER OF EMPLOYEES

See the following table:

	As of 30. 6. 2004	2003
Czech Republic	308	308
Hungary	29	30
France	9	11
Poland	43	5
Slovakia	1	1
Luxembourg	12	6
TOTAL	402	361

All above-mentioned employees were engaged in the core business activities of the company ORCO, in real-estate trading, leasing and administration, or were in charge of related activities for the company ORCO, or its subsidiaries – keeping accounts, selling, supporting activities and services.

NOTE 23 – EVENTS AFTER DRAWING UP FINANCIAL STATEMENTS

On 22 September 2004, the company ORCO issued bonds of the total amount of EUR 32,450,641.20, which represents 1,001,563 bonds of the nominal value of EUR 32.40. These bonds are due on 31 December 2011 and bear interest of 5.5 % p.a., while interests are due as of 31 December of the respective year.

The owners of bonds are entitled to change their bonds any time for shares of the company ORCO. If they do not change them, they will receive on the bond maturity date the amount of EUR 36.20 for each bond, which represents the amount of 3.80 EUR above pari.

The company ORCO can also pay bonds after 1 April 2006, provided that the current share rate of the company ORCO is higher than EUR 40.50. In such a case, the owners of bonds will have the deadline of 30 days for exchanging bonds for shares, if they wish to do so. If they do not do that, they will receive on the bond maturity date výnos corresponding to interest rate of 8 % p.a.

Bonds of the company ORCO are listed on the Paris stock exchange EURONEX and they have been assigned ISIN: FR0010108704.

Further, on 22 November 2004 360,748 shares without a nominal value were issued, with accounting pari of EUR 4.10, due to which share capital of the company ORCO was increased to EUR 18,953,578.40.

The consolidated interim financial statements of the company ORCO have been audited by auditors of the company ORCO specified in Chapter 1.2 hereof, and provided the following auditor's report on them:

*HRT
Révision
23, Val Fleuri
L-1526 Luxembourg*

*PRICEWATERHOUSE COOPERS
400, route d'Esch
L-1471 Luxembourg*

Report on partial audit conducted by auditors

1 We have conducted a partial audit of the consolidated balance sheet of Orco Property Group S.A. (hereinafter referred to as "concern") as of 30 June 2004, consolidated profit and loss account as well as figures of the consolidated status of finances for the period ended on the same date. This consolidated status of finances is the responsibility of the administrative board of the concern. Our responsibility is to write a report on this consolidated financial status based on our partial audit.

Opinion of HRT Révision S.a.r.l.

2. We conducted our partial audit in accordance with the international standard 2400 on conducting partial audits. This standard requires that we plan and perform the partial audit to make sure to a limited extent about whether the consolidated financial statements are free of material misstatement. A partial audit includes especially interviews with managers and employees of the concern and analytical procedures applied to financial data. So it is not so reliable as audit. We did not conduct the audit, therefore our assessment is not the auditor conclusion.

3. Based on our partial audit we have not found out any facts that could lead us to the opinion that the consolidated balance sheet of the concern as of 30 June 2004 does not give a true and fair view of the concern financial situation according to the valid Luxembourg laws and regulations.

4. Without qualifying the above-mentioned opinion, we point you out to note 10. Solving the litigation regarding the full ownership of Opera Business Center has been postponed for 2005. The result of this case is not certain at present. Nevertheless, no provision for risk related to this litigation has been created in the consolidated financial statements, with respect to the guarantee provided to the company Orco Holding S.A. for compensation of any potential losses from this transaction.

Opinion of Pricewaterhouse Coopers S.a.r.l.

5. With the exception of the fact mentioned in paragraph 7 we conducted our partial audit in accordance with the international standard 2400 on conducting partial audits. This standard requires that we plan and perform the partial audit to make sure to a limited extent about whether the consolidated financial statements are free of material misstatement. A partial audit includes especially interviews with managers and employees of the concern and analytical procedures applied to financial data. So it is not so reliable as audit. We did not conduct the audit, therefore our assessment is not the auditor conclusion..

6. In their auditor's report of 22 April 2004 regarding the consolidated accounts for the year ended on 31 December 2003, whose part is quoted below:

(i) HRT Révision S.a.r.l. as a co-auditor provides the following comment. "During the audit conducted by us we found out that based on an obligation in writing the profit of EUR 3.5 million was included from establishment of a joint venture for the project KOSIC and from the sale of company holding the

building 2 Americka Park. Due to their complexity, these operations could be realised legally as late as in the first quarter of 2004. As of the issue date of our certification on audit conducted these operations were already realised fully and yield of transfers was collected in accordance with the contractually agreed payment schedule.

In our opinion, with respect to the principle of preferring content to form, even if these transactions were legally realised as late as at the beginning of 2004, the decision made by the administrative board to include the respective profit in the economic result of the financial year 2003 was adequate.

From the analysis of translation differences made it is not possible to tell as of today's date in the overview of changes in consolidated shareholder's fund if translation loss of EUR 485,000 included in inventory/reserves was divided correctly between profit/loss and inventory/reserves.

In our opinion, the attached consolidated accounts give a true and fair view of the consolidated property and consolidated financial statement of ORCO PROPERTY GROUP S.A. as of 31 December 2003 as well as the consolidated results for the year ended on the same date, with a qualification of potential effectiveness of the note mentioned in the previous paragraph.

Without qualifying the above-mentioned opinion, we point you out to:

- *notes 2(c) iii (deferred taxes) and 11 in Annex regarding both methods of putting in accounts of assets from deferred taxes and from the litigation regarding Opera Business Center, and some not clear information for evaluation of these items,*
- *change in the methodology described in note 2a) in Annex."*

(ii) RSM SalustroReydel as a co-auditor provides the following comment: "During our audit we made the following findings that prevent us from giving the certificate -

- *establishment of a joint venture for the project Kotic was put in accounts in December 2003 based on the document „memorandum of understanding“ without firm obligation showing real share in net consolidated result/profit of EUR 2.2 million. The transaction was definitely realised only in February 2004 by an entry of sale of shares, and*
- *sale of company-owner of the building 2 Americka Park was put in accounts in December 2003 based on mere notification of intent showing real share in net consolidated result/profit of EUR 1.3 million. The transaction was definitely realised only in February 2004 by an entry of sale of shares.*

Global impact of these finding is overvaluation of net result/profit for 2003 and net equity as of 31 December by EUR 3.5 million. From the analysis of translation difference in the overview of changes in consolidated shareholder's fund it is not possible to tell as of today's date if division between result/profit and equity was correct.

With respect to the above-mentioned facts we assume that the consolidated accounts are not accurate and true in terms of the French regulations and accounting principles and do not give a true and fair view of the result of operations for the previous year nor of the financial situation and equity of the company at the end of this year:

Without qualifying the above-mentioned opinion, we point you out to:

- *notes 2(c) iii (deferred taxes) and 11 in Annex regarding both methods of putting in accounts of assets from deferred taxes and from the litigation regarding Opera Business Center, and not clear information for valuation of these items, and*
- *change in the methodology described in note 2a) in Annex."*

7. With respect to the impact of the facts referred to in paragraph 6 and to the impact of possible settlements/adjustments due to additional interventions in the opening balance sheet as of 1 January 2004, we are not able to express an opinion on the consolidated profit and loss account for the period ended on 30 June 2004.

8. Based on the partial audit conducted by us, with the qualification of the impact of potential necessary adjustments we could make, if we get enough demonstrative information for the items referred to in paragraphs 6 and 7, we have not found out any material facts that would lead us to the conclusion that the consolidated balance sheet of the concern as of 30 June 2004 does not give a true and fair view of the financial situation of the concern according to the valid Luxembourg legislative and regulations.

9. Without qualifying the above-mentioned opinion, we point you out to note 10. Solving the litigation regarding the full ownership of Opera Business Center has been postponed for 2005. The result of this litigation is not certain as of today's date. With respect to the guarantee provided by the company Orco Holding S.A. for compensation of any potential losses from this transaction, no provision for risk resulting from this litigation has been created in the consolidated accounts.

Luxembourg, 30 September 2004

Za HRT Révision S.a.r.l.
Auditor

Za PricewaterhouseCoopers S.a.r.l.
Auditor

Dominique Ransquin

Amaury Evrard

5.6.2 Issuer's interim financial statements

The company ORCO does not publish its non-consolidated interim financial statements.

5.6.3 Issuer's economic results

The company ORCO does not publish its quarterly economic results nor executes the interim financial statements of this date. The consolidated profit and loss account of the company ORCO as of 30 September 2004 (without verification by auditor) is shown in the following table:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

September 30, 2004
(denominated in thousand Euros)
Notes refer to Annex

	30. 9. 2004	30. 6. 2004
Sales (note 13)	59,414	43,779
Offices	1,201	740
Residential	1,288	864
Aparthotels	1,866	1,246
Hotel	0	3,263
Others services	0	0
Yield from the sale of buildings in stock	48,588	37,666
Capitalized production costs (note 14)	834	199
Others operating income and transfer of charges	4,644	178
Gain on fixed assets disposal	0	0
Reversal of operating provisions	0	0
Other operating income	4,644	178
Cost of sales	-38,139	-13,877
Purchases and outside services	-694	-15,635
Payroll costs	-5,192	-3,682
Other operating charges	-5,868	-1,376
Taxes	-227	-227
Other operating charges	-10,008	-1,149
EBITDA	10,355	9,586
Amortization, depreciation and provisions	-2,455	-3,013
Consolidated adjustment due to change in depreciation method	-288	0
Operating profit (note 15)	7,612	6,573
Financial income	800	340
Change profit	-3	-621
Financial charges	-2,358	-2,706
Net financial profit (note 16)	-3,718	-2,978
Profit on ordinary activities before tax	3,894	3,586
Adjustments to the financial statements as of 30. 6. 2004 (adjustment to opening balance sheets, the project KOSIC, nullification of impacts of changes (Warsaw), adjustment to deferred taxes)	-6,146	0
Other adjustments to the financial statements as of 30. 9. 2004 (release of items, correction of opening balance sheets, calculation of amortisation, correction of other differences)	10,675	0
Exceptional charges (note 17)	0	5,518

Corporation tax (note 18)	-2,626	-5,133
Net profit	5,647	3,917
Minority interests	0	820
PROFIT FOR THE PERIOD	5,647	4,791

5.7 Description of consolidation methods

Description and extent of consolidation methods used are given in note 2 in Chapter 5.1.1 and in note 2 in Chapter 5.6.1 hereof.

5.8 Persons included in the issuer's consolidation unit

The following companies are included in the consolidation unit of ORCO:

Orco Budapest Rt
Registration No.: 01-10-044052
with the registered office at Révay utca 10, H-1065 Budapest, Hungary

ORCO Project Management, s.r.o.
IČ: 430 02 676
with the registered office at Anglická 26, 120 00 Prague 2

Londynska 39, s.r.o.
IČ: 453 10 92,1
with the registered office at Anglická 26, 120 00 Prague 2

Americka 33, a.s.
IČ: 250 50 931
with the registered office at Anglická 26, 120 00 Prague 2

Americka 1, a.s.
IČ: 250 50 923
with the registered office at Anglická 26, 120 00 Prague 2

MÁCHOVA – ORCO, a.s.
IČ: 630 80 281
with the registered office at Anglická 26, 120 00 Prague 2

AMERICKÁ – ORCO, a.s.
IČ: 630 79 461
with the registered office at Anglická 26, 120 00 Prague 2

ORCO PROPERTY, a.s.
IČ: 256 14 363
with the registered office at Anglická 26, 120 00 Prague 2

Záhřebská 35, s.r.o.
IČ: 458 08 155
with the registered office at Anglická 26, 120 00 Prague 2

Anglicka 26, s.r.o.
IČ: 458 08 147
with the registered office at Anglická 26, 120 00 Prague 2

Belgicka – Na Kozacce, s.r.o.
IČ: 612 47 553
with the registered office at Anglická 26, 120 00 Prague 2

Londynska 41, s.r.o.
IČ: 496 84 132
with the registered office at Anglická 26, 120 00 Prague 2

ORCO Property Management, a.s.
IČ: 261 30 653
with the registered office at Anglická 26, 120 00 Prague 2

Nad Petruskou, s.r.o.
IČ: 614 98 041
with the registered office at Anglická 26, 120 00 Prague 2

ORCO Prague, a.s.
IČ: 261 78 699
with the registered office at Anglická 26, 120 00 Prague 2

Londynska 26, a.s.
IČ: 256 15 670
with the registered office at Anglická 26, 120 00 Prague 2

ORCO Vinohrady, a.s.
IČ: 261 78 672
with the registered office at Anglická 26, 120 00 Prague 2

Mánesova 28, a.s.
IČ: 630 80 184
with the registered office at Anglická 26, 120 00 Prague 2

Orco Revay Rt
with the registered office at Révay utca 10, H-1065 Budapest, Hungary

Orco Vagyonkeselo Kft
Registration No.: 01-09-685351
with the registered office at Révay utca 10, H-1065 Budapest, Hungary

Vinohrady S.a.r.l.
with the registered office at 40, rue la Pérouse, F-75116 Paris, France

Orco Warsaw Sp. z.o.o.
with the registered office at Nám. Dabrowskiego 1, 00-057 Warsaw, Poland

ORCO HOTEL GROUP S.A.
with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-

Duchy of Luxemburg

ORCOAparthotel S.A.

with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxemburg

MaMaison Résidences S.A.

with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxemburg

Orco Hotel Rt

with the registered office at Révay utca 10, H-1065 Budapest, Hungary

RESIDENCE MASARYK, a.s.

IČ: 261 31 978

with the registered office at Anglická 26, 120 00 Prague 2

Residence Izabella Rt

Registration No.: 01-10-044274

with the registered office at Révay utca 10, H-1065 Budapest, Hungary

Izabella 62-64 Kft

Registration No.: 01-09-691954

with the registered office at Révay utca 10, H-1065 Budapest, Hungary

ORCO Project Szervező Rt

Registration No.: 01-10-044298

with the registered office at Révay utca 10, H-1065 Budapest, Hungary

Révay 10 Kft

Registration No.: 01-09-078332

with the registered office at Révay utca 10, H-1065 Budapest, Hungary

ORCO PROPERTY START, a.s.

IČ: 261 30 548

with the registered office at Anglická 26, 120 00 Prague 2

Residence Belgicka, s.r.o.

IČ: 257 45 832

with the registered office at Anglická 26, 120 00 Prague 2

Pachtův Palác s.r.o.

IČ: 148 89 871

with the registered office at Anglická 26, 120 00 Prague 2

ORCO HOTEL MANAGEMENT, s.r.o.

IČ: 630 73 030

with the registered office at Anglická 26, 120 00 Prague 2

ORCO Hotel Development, a.s.

IČ: 261 82 157

with the registered office at Anglická 26, 120 00 Prague 2

Janáčkovo nábřeží 15, s.r.o.
IČ: 256 01 041
with the registered office at Anglická 26, 120 00 Prague 2

ORCO Hotel Project, a.s.
IČ: 261 82 149
with the registered office at Anglická 26, 120 00 Prague 2

MMR Management, s.r.o.
IČ: 271 13 876
with the registered office at Anglická 26, 120 00 Prague 2

MaMaison Bratislava, s.r.o.
IČO: 35 830 476
with the registered office at Zelená 10, Bratislava, Slovak Republic

Orco Hotel Management Kft
Registration No.: 01-09-728706
with the registered office at Révay utca 10, H-1065 Budapest, Hungary

Americka Park, a.s.
IČ: 270 79 481
with the registered office at Anglická 26, 120 00 Prague 2

IPB Real a.s.
IČ: 002 58 610
with the registered office at Anglická 26, 120 00 Prague 2

IPB Real, s.r.o.
IČ: 636 76 761
with the registered office at Anglická 26, 120 00 Prague 2

IPB Real development a.s.
IČ: 251 02 168
with the registered office at Anglická 26, 120 00 Prague 2

NOVÉ MEDLÁNKY, a.s.
IČ: 256 90 655
with the registered office at Anglická 26, 120 00 Prague 2

1. Sportovní a.s.
IČ: 261 41 124
with the registered office at Anglická 26, 120 00 Prague 2

IPB Real reality, a.s.
IČ: 251 24 501
with the registered office at Anglická 26, 120 00 Prague 2

JIHOVÝCHODNÍ MĚSTO a.s.
IČ: 251 19 257
with the registered office at Anglická 26, 120 00 Prague 2

ORCO Hotel Project Sp. z.o.o.
with the registered office at Nám. Dabrowskiego 1, 00-057 Warsaw, Poland

ORCO Poland Sp. z.o.o.
with the registered office at Nám. Dabrowskiego 1, 00-057 Warsaw, Poland

ORCO Hotel Development Sp. z.o.o.
with the registered office at Nám. Dabrowskiego 1, 00-057 Warsaw, Poland

The proportion decisive for the consolidation of the above-mentioned entities is, in accordance with § 9 para. 11 letter c) of the Decree, included in note 2 in Chapters 5.1.1 and 5.6.1 hereof. With the following exceptions, the company ORCO holds 100 % of shares or business shares in the mentioned companies:

Company	Aggregate share of third parties (in %)
ORCO PROPERTY, a.s. IČ: 25614363 with the registered office at Anglická 26, 120 00 Prague 2	50
KOSIC S.a.r.l. with the registered office at 7, Parc d'Activité Syrdall, L-5365 Munsbach, the Grand-Duchy of Luxembourg	50
The Endurance Fund Management Company S.A. with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxemburg	50
ORCO HOTEL GROUP S.A. with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxemburg	5.40*
	* With respect to the fact that in the course of November 2004 the company ORCO increased its share in the company ORCO HOTEL GROUP S.A. from 73.50 % to 94.60 %, the share of third parties in the company ORCO HOTEL GROUP S.A. was only 5.4 %.
MaMaison Résidences S.A. with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, the Grand-Duchy of Luxemburg	25

Except for the following companies:

ORCO Slovakia, s.r.o.

IČO: 35 907 088

with the registered office at Zelená 10, Bratislava, Slovak Republic

ORCO Development, s.r.o.

IČO: 35 907 002

with the registered office at Zelená 10, Bratislava, Slovak Republic and

ORCO Estates, s.r.o.

IČO: 35 909 315

with the registered office at Zelená 10, Bratislava, Slovak Republic,

ORCO DEVELOPMENT, a.s.

IČ: 271 78 919

with the registered office at Anglická 26, 120 00 Prague 2,

ORCO REALITY, a.s.

IČ: 271 78 897

with the registered office at Anglická 26, 120 00 Prague 2,

ORCO INVESTMENT, a.s.

IČ: 271 78 927

with the registered office at Anglická 26, 120 00 Prague 2,

ORCO Strategy, a.s.

IČ: 270 91 929

with the registered office at Anglická 26, 120 00 Prague 2,

Oak Mill, a.s.

IČ: 271 06 799

with the registered office at Anglická 26, 120 00 Prague 2,

ORCO ALFA, s.r.o.

IČ: 271 59 523

with the registered office at Anglická 26, 120 00 Prague 2,

ORCO ESTATE, s.r.o.

IČ: 271 59 523

with the registered office at Anglická 26, 120 00 Prague 2,

ORCO TRADE, s.r.o.

IČ: 271 59 272

with the registered office at Anglická 26, 120 00 Prague 2,

Košík Development, s.r.o.

IČ: 271 05 652

with the registered office at Anglická 26, 120 00 Prague 2 and

ORCO Investment Kft
with the registered office at Révay utca 10, H-1065 Budapest, Hungary

ORCO Development Kft
with the registered office at Révay utca 10, H-1065 Budapest, Hungary, and

ORCO Hungary Kft
with the registered office at Révay utca 10, H-1065 Budapest, Hungary,

that have been established and entered in the business register only after the financial statements execution, and therefore could not be included in the consolidation, there are no companies belonging to the group of the company ORCO not included in the consolidation in accordance with the above-mentioned rules.

5.9 Participation of the issuer in other third parties

In accordance with § 9, para. 12 and 14 of the Decree, the company ORCO has either direct or indirect participation exceeding 10% of ORCO's net consolidated profit in the following companies. (To determine the number of third parties pursuant to § 9, para. 12 of the Decree, the issuer's net consolidated profit has been chosen as the lowest from the quantities indicated in § 9 para.12 of the Decree):

Americká 1, a.s.

(See above for identification data)

With the subject of enterprise as follows: real estate office; the purchase of goods for their resale; the sale;

Share capital: 31,000,000 CZK; with a 100% ownership part of the company ORCO; fully paid up; the accounting value of this part amounted as of 31/12/2003 to CZK 36,074,000; the yield of this part as of the same date amounted to CZK 4,442,000. The company's net income for 2003 amounted to CZK 912,000; the company made no provisions.

Americká 33, a.s.

(See above for identification data)

With the subject of enterprise as follows: real estate office; the purchase of goods for their resale; the sale;

Share capital: 11,000,000 CZK; with a 100%-ownership part of the company ORCO; fully paid up; the accounting value of this part amounted as of 31/12/2003 to EUR 1,612,000; the yield of this part as of the same date amounted to EUR -4,659,000. The company's economic result for 2003 amounted to CZK -6,386,000; the company made no provisions.

Anglická 26, s.r.o.

(See above for identification data)

With the subject of enterprise as follows: rental of real estates, flats and non-residential premises rental of real estates, flats and non-residential premises without providing other than basic services ensuring dutiful operation of real estates, flats and non-residential premises; real estate activities; mediator services and specialised retail trade.

Share capital: 10,000,000 CZK, with a 100%-part of the company ORCO; fully paid up. The accounting value of this part amounted to CZK 8,207,000 as of 31/12/2003, bringing a yield of this part amounting to CZK -3,041,000 as of the same date. The company's economic result for 2003 amounted to CZK -3,042,000; the company made a provision amounting to CZK 3,000,000.

Belgická – Na Kozačce, s.r.o.

(See above for identification data)

With the subject of enterprise as follows: rental of real estates, flats and non-residential premises without providing other than basic services ensuring dutiful operation of real estates, flats and non-residential premises; real-estate activities and special retail trade.

Share capital: 20,000,000 CZK, with a 100%-part of the company ORCO; fully paid up. The accounting value of this part amounted to CZK 9,511 000 as of 31/12/2003, bringing a yield of this part amounting to CZK 1,010,000 as of the same date. The company's economic result for 2003 amounted to CZK –1,198,000; the company made no provisions.

Janáčkovo nábřeží 15, s.r.o.

(See above for identification data)

With the subject of enterprise as follows: rental of real estates, flats and non-residential premises without providing other than basic services ensuring dutiful operation of real estates, flats and non-residential premises; exchange-office activities; organisation of culture productions and entertainment; operation of entertainment facilities; publicity activities and marketing; production of foodstuffs; board services; mediation of services; organisation of special courses, training and other educational projects including lecturer's activities; washing; ironing; repairs and maintenance of clothes, soft furnishings and personal goods; leasing of tangible objects; technical activities in transport; accommodation services; real-estate activities and specialised retail trade.

Share capital: 21,630,000 CZK, with a 73.5%-part of the company ORCO, fully paid up. The accounting value of this part amounted to EUR 301,000 as of 31/12/2003, bringing a yield of this part amounting to EUR –1,303,000 as of the same date. The company's economic result for 2003 amounted to CZK –38,196,000; the company made no provisions.

Nad Petruskou, s.r.o.

(See above for identification data)

With the subject of enterprise as follows: real estate office

Share capital: 10,200,000 CZK, with a 100%- part of the company ORCO, fully paid up. The accounting value of this part amounted to CZK –5,764,000 as of 31/12/2003, bringing a yield of this part amounting to CZK –12,156,000 as of the same date. The company's economic result for 2003 amounted to CZK –13,870,000; the company made no provisions.

Oak Mill, a.s.

(See above for identification data)

With the subject of enterprise as follows: rental of real estates, flats and non-residential premises without providing other than basic services ensuring dutiful operation of real estates, flats and non-residential premises; real-estate activities.

Share capital: 29,153,000 CZK, with a 50%-part of the company ORCO, fully paid up. The accounting value of this part amounted to EUR 904,000 as of 31/12/2003., bringing a yield of this part amounting to EUR 0 as of the same date. The company reached neither profit nor loss in, nor any provisions.

ORCO PROPERTY, a.s.

(See above for identification data)

With the subject of enterprise as follows: real estate office; the purchase of goods for their resale; the sale;

Share capital: 10,000,000 CZK, with a 50%-part of the company ORCO, fully paid up. The accounting value of this part amounted to CZK 718,000 as of 31/12/2003, bringing a yield of this part amounting to CZK –7,359,000 as of the same date. The company's economic result

for 2003 amounted to CZK –7,810,000; the company made a provision amounting to CZK 1,528,000.

Pachtův palác s.r.o.

(See above for identification data)

With the subject of enterprise as follows: organisation of educational and training projects; purchase of the goods for their further resale and the sale; procuring activities in the administration of the dwelling and non-residential fund; real-estate office activities; import of and re-export of objects to secure activities in compliance with individual permissions; Share capital: 65,120,000 CZK, with a 55.13%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR –2,162,000 as of 31/12/2003, bringing a yield of this part amounting to EUR –336,700 as of the same date. The company's economic result for 2003 amounted to CZK –2,243,000; the company made no provisions.

Záhřebská 35, s.r.o.

(See above for identification data)

With the subject of enterprise as follows rental of real estates, flats and non-residential premises without providing other than basic services ensuring dutiful operation of real estates, flats and non-residential premises.

Share capital: 10,000,000 CZK, with a 100%-part of the company ORCO; fully paid up. The accounting value of this part amounted to CZK –6,248,000 as of 31/12/2003, bringing a yield of this part amounting to CZK –15,075,000 as of the same date. The company's economic result for 2003 amounted to CZK –17,366,000; the company made no provisions.

IPB Real a.s.

(See above for identification data)

With the subject of enterprise as follows: real estate office; organisational and economic advisory activities; the purchase of the goods for their further resale and the sale; mediation of the purchase and sale; bookkeeping; technical and engineering activities in the building industry; investment activities in the building industry; project activities in the building industry; execution of constructions, their adjustment and demolition; rental of real estates, flats and non-residential premises with the provision of relating basic services and the execution of public auctions.

Share capital: 500,000,000 CZK, with a 100%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 18,657,000 as of 31/12/2003, bringing a yield of this part amounting to EUR 736,000 as of the same date. The company's net income for 2003 amounted to CZK 46,983,000; the company made a provision amounting to CZK 202,901,000.

IPB Real, s.r.o.

(See above for identification data)

With the subject of enterprise as follows: real estate office; engineering and technical activities in the building industry; the purchase of the goods for their further resale and the sale.

Share capital: 6,942,000 CZK, with a 100%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 400,000 as of 31/12/2003, bringing a yield of this part amounting to EUR 10,000 as of the same date. The company's economic result for 2003 amounted to CZK –3,045,000; the company made a provision amounting to CZK 378,000.

1. Sportovní, a.s.

(See above for identification data)

With the subject of enterprise as follows: the purchase of the goods for their further resale and the sale.

Share capital: 16,100,000 CZK, with a 100%- part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 912,000 as of 31/12/2003, bringing a yield of this part amounting to EUR 11,000 as of the same date. The company's economic result for 2003 amounted to CZK -676,000; the company made no provisions.

JIHOVÝCHODNÍ MĚSTO, a.s.

(See above for identification data)

With the subject of enterprise as follows: real-estate office activities; the purchase of the goods for their further resale and the sale; advisory activities in the building industry; investment activities.

Share capital: 521,000,000, with a 100%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 6,184,000 as of 31/12/2003, bringing a yield of this part amounting to EUR 11,000 as of the same date. The company's economic result for 2003 amounted to CZK -1,579,000; the company made no provisions.

MaMaison Résidences S.A.

(See above for identification data)

With the subject of enterprise as follows: investments; development; management and franchising of the chain of hotel residences (suite hotel); acquisition of parts (in any form) in other Luxembourg or foreign companies; the administration, checking and valorisation of those parts, while the company can acquire predominantly via investments, subscription, option; purchase or any other way of acquiring securities of any kind, to execute them via sale, cease, exchange or otherwise.

Share capital: 21,010,000 EUR, with a 55.13%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 19,500,000 as of 31/12/2003, bringing a yield of this part amounting to EUR -404,654 as of the same date. The company's economic result for 2003 amounted to EUR -734,000. The company made provisions amounting to EUR 18,185,000.

ORCOAparthotel S.A.

(See above for identification data)

With the subject of enterprise as follows: the development and management of the chain of hotel residences; ownership participation (in any form) in other Luxembourg or foreign companies, as well as the administration, checking and valorisation of those parts, while the company can execute any business, industrial and financial operations, both tangible and intangible, that the company considers as profitable to fulfil its sphere of business.

Share capital: 31,000 EUR, with a 55.13%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 31,000 as of 31/12/2003, bringing a yield of this part amounting to EUR -9 372 as of the same date. The company's economic result for 2003 amounted to EUR -17,000. The company made provisions amounting to EUR 31,000.

ORCO HOTEL GROUP S.A.

(See above for identification data)

With the subject of enterprise as follows: the development and management of the chain of hotels; ownership participation (in any form) in other Luxembourg or foreign companies, as well as the administration, checking and valorisation of those parts, while the company can execute any business, industrial and financial operations, both tangible and intangible, that the company considers as profitable to fulfil its sphere of business.

Share capital: 17,979,000, with a 94.6%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 14,561,000 as of 31/12/2003, bringing a yield

of this part amounting to EUR –358,140 as of the same date. The company’s economic result for 2003 amounted to EUR –3,466,000. The company made provisions amounting to EUR 14,512,000.

KOSIC S.a.r.l.

(See above for identification data)

With the subject of enterprise as follows: ownership activities (in any form) in other Luxembourg or foreign companies, as well as the administration, checking and valorisation of those parts, acquiring securities of any kind via investments, subscription, option or in any other way, and the execution of those securities via their sale, cease, exchange or otherwise. The company can lend and provide the companies where the company concerned has either direct or indirect participation with any assistance, loan, advance or guarantee.

Share capital: 46,000 EUR, with a 50%-part of the company ORCO; fully paid up. The accounting value of this part amounted to EUR 31,000 as of 31/12/2003, with no yield of this part in 2003. The company’s net income for 2003 amounted to EUR 0; the company made no provisions.

The company ORCO’s parts in the above companies were fully paid up.

The following table shows loans and other obligations among the above companies and the company ORCO:

Creditor	Debtor	The sum of financial obligations as of 31/12/2003 (in thousands of EUR)
ORCO PROPERTY GROUP S.A.	ORCO HOTEL GROUP S.A.	29,440
ORCO PROPERTY GROUP S.A.	Anglická 26, s.r.o.	1,550
ORCO PROPERTY GROUP S.A.	Americká 33, a.s.	11,870
ORCO PROPERTY GROUP S.A.	Americká 1, a.s.	2,479
ORCO PROPERTY GROUP S.A.	Nad Petruskou, s.r.o.	155
ORCO PROPERTY GROUP S.A.	ORCO PROPERTY, a.s.	3,212
ORCO HOTEL GROUP S.A.	Janáčkovo nábřeží 15, s.r.o.	3,918
ORCO HOTEL GROUP S.A.	MaMaison Résidences S.A.	10,883
MaMaison Résidences S.A.	ORCOAparthotel S.A.	10,854
MaMaison Résidences S.A.	ORCO PROPERTY GROUP S.A.	186
ORCOAparthotel S.A.	Pachtův palác s.r.o.	1,104
Záhřebská 35, s.r.o.	ORCO PROPERTY GROUP S.A.	41
Belgická – Na Kozačce, s.r.o.	ORCO PROPERTY GROUP S.A.	2,255

5.10 Pledge Rights Relating to the Issuer Property

To secure payables of the company ORCO's daughter companies ensuing from loans defined in Chapter 5.11 of this prospectus, the following pledge rights determined in Note 21 in Chapter 5.6.1 were established to bond the daughter companies' properties. Those hedging institutes are described in detail in the following table:

Company	Creditor	Loan agreements, total amount and currency of the loan	Description of the loan guarantee
Americká 1, a.s.	Raiffeisenbank a.s.	Loan agreement of November 2002 for EUR 7,350,000	Pledge of 100% of the "Americká 1, a.s." company's shares to the bank's profit. Future pledge right to land Pledge right to buildings Pledge right to receivables from the insurance fulfilment Guarantor declaration of the company's sole shareholder Pledge right to money on bank accounts Pledge right to receivables from loan agreements to financed real estates Pledge right to receivables from other than loan agreements to financed real estates Cease of rights from the option agreement with Medika
Americká 33, a.s.	Československá obchodní banka, a.s.	Term Loan Facility I Agreement amounting to CZK 117,000,000 to finance the purchase of shares of the "IPB Real a.s." company as of 22/12/2003 Term Loan Facility I Agreement amounting to CZK 185,000,000 to finance the purchase of the receivable from the "IPB Real development, a.s." company as of 22/12/2003	Pledge of 100% of the "Americká 33, a.s." company's shares to the bank's profit Receivable pledge agreement Agreement on the future receivable pledge Pledge of the company Guarantor's declaration of the company ORCO Agreement on the future pledge of the shares of the companies "IPB Real a.s, l.", "Sportovní, a.s." and "JIHOVÝCHODNÍ MĚSTO, a.s." Debt subordination agreement Agreement on the future pledge of land in the cadastral area Benice and Hagibor

Americká Park, a.s.	Raiffeisenbank a.s.	Loan agreement of 22/12/2003 amounting to EUR 1,750,000	Pledge of 100% of the “Americká Park, a.s.” company’s shares to the bank’s profit Future pledge right to land Pledge right to buildings Pledge right to receivables from the insurance proceeds Guarantor declaration of the “(ORCOAparthotel S.A.)” and the company ORCO’s sole shareholder Pledge right to money on bank loans Pledge right to receivables from loan agreements to financed real estates Pledge right to receivables from other than loan agreements to financed real estates Cease of rights from the agreements with Medika on standing the construction and access
Americká-Orco, a.s.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for EUR 21,119,000	Agreement on the approval to the execution of the decision Agreement on the establishment of the pledge right to real estates Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements Agreement on subordination of the debt Guarantor’s obligation of the company ORCO(as for the incorporation of real estate pledges into the Real Estate Cadastre) Agreement on the cease of receivables from loan agreements Pledge of accounts Bond of the insurance premium Pledge of 100% of the company’s shares Bond of accounts
Anglická 26, s.r.o.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for EUR 21,119,000	Agreement on the approval to the execution of the decision Agreement on the establishment of the pledge right to real estates Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements Agreement on subordination of the debt Guarantor’s engagement of the company ORCO Agreement on the cease of receivables from leasing agreements Pledge of accounts Bond of the insurance premium Pledge of 100% of the company’s business part Bond of accounts

Belgická – Na Kozačce, s.r.o.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for EUR 21,119,000	<p>Agreement on the approval to the execution of the decision</p> <p>Agreement on the establishment of the pledge right to real estates</p> <p>Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements</p> <p>Agreement on subordination of the debt</p> <p>Guarantor’s engagement of the company ORCO</p> <p>Agreement on the cease of receivables from leasing agreements</p> <p>Pledge of accounts</p> <p>Bond of the insurance premium</p> <p>Pledge of 100% of the company’s business part</p> <p>Bond of accounts</p>
Janáčkovo nábřeží 15, s.r.o.	Aareal Bank AG	Loan agreement No. 20597900 of 05/09/2003	<p>Pledge right to real estates</p> <p>Agreement on direct execution</p> <p>Agreement on the cease of receivables from property administration agreements, from leasing agreements and from guarantees</p> <p>Pledge of accounts</p> <p>Bond of the insurance proceeds</p> <p>Pledge of the business part</p> <p>Agreement on subordination of the debt</p> <p>Agreement on the cease of receivables from purchase agreements</p> <p>Agreement on the cease of the receivable from the agreement on the purchase of the business part</p> <p>Pledge of tangible things</p> <p>Agreement on the cease of the receivable from the administration agreement</p>
Londýnská 26, a.s.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for EUR 21,119,000	<p>Agreement on the approval to the execution of the decision</p> <p>Agreement on the establishment of the pledge right to real estates</p> <p>Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements</p> <p>Agreement on subordination of the debt</p> <p>Guarantor’s engagement of the company ORCO</p> <p>Agreement on the cease of receivables from leasing agreements</p> <p>Pledge of accounts</p> <p>Bond of the insurance premium</p> <p>Pledge of 100% of the company’s shares</p> <p>Bond of accounts</p>

Londýnská 41, s.r.o.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for EUR 21,119,000	<p>Agreement on the approval to the execution of the decision</p> <p>Agreement on the establishment of the pledge right to real estates</p> <p>Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements</p> <p>Agreement on subordination of the debt</p> <p>Guarantor's engagement of the company ORCO</p> <p>Agreement on the cease of receivables from leasing agreements</p> <p>Pledge of accounts</p>
Máchova-ORCO, a.s.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for EUR 21,119,000	<p>Agreement on the approval to the execution of the decision</p> <p>Agreement on the establishment of the pledge right to real estates</p> <p>Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements</p> <p>Agreement on subordination of the debt</p> <p>Guarantor's engagement of the company ORCO</p> <p>Agreement on the cease of receivables from leasing agreements</p> <p>Pledge of accounts</p> <p>Bond of the insurance premium</p> <p>Pledge of 100% of the company's shares</p> <p>Bond of accounts</p> <p>Agreement on subordination of the debt</p>
Mánesova 28, a.s.	Aareal Bank AG	Loan agreement No. 3052741 of 02/02/2002 for EUR 2,520,000	<p>Pledge right to real estates</p> <p>Agreement on the cease of receivables from leasing agreements</p> <p>Agreement on the cease of receivables from insurance proceeds</p> <p>Pledge of 100% of the company's shares</p> <p>Agreement on the cease of the receivable from the agreement on the purchase of shares</p> <p>Guarantor's declaration of the company ORCO</p> <p>Agreement on the cease of rights and receivables ensuing from the agreement on the use of the passage and the use of two alternative parking places</p>

Nad Petruskou, s.r.o.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for EUR 21,119,000	Agreement on the approval to the execution of the decision Agreement on the establishment of the pledge right to real estates Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements Agreement on subordination of the debt Guarantor's engagement of the company ORCO Agreement on the cease of receivables from leasing agreements Pledge of accounts Bond of the insurance premium Bond of accounts
Oak Mill, a.s.	Raiffeisenbank a.s.	Loan agreement up to the amount of CZK 210,000,000 of 11/02/2004	Pledge of 100% of the company's shares Pledge of accounts Pledge of receivables from the work contract Pledge of receivables from the insurance agreement of the general supplier Agreement on subordination of the debt The guarantor's engagement of the company
ORCO Hotel Development, a.s.	Aareal Bank AG	Loan agreement No. 30311013 of 22/06/2001 for EUR 3,700,000	Pledge right to real estates Agreement on the cease of receivables from leasing agreements Agreement on the cease of receivables from advisory agreements Agreement on the cease of receivables from the insurance agreement Pledge of 100% of shares Agreement on subordination of the debt Pledge of accounts Agreement on the cease of receivables from the purchase agreement Agreement on the cease of rights ensuing from the rental agreement with ORCO Hotel Project
ORCO PROPERTY, a.s.	CIB Bank Rt, MKB Bank Rt.	Loan agreement of 29/04/2004 for the amount of EUR 4,000,000	Pledge of 100% of shares Pledge agreement to real estates Agreement on subordination of the debt Pledge of banking accounts

ORCO Vinohrady, a.s.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for the amount of EUR 21,119,000	Agreement on the approval to the execution of the decision Agreement on the establishment of the pledge right to real estates Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements Agreement on subordination of the debt Guarantor's engagement of the company ORCO Agreement on the cease of receivables from leasing agreements Pledge of accounts Bond of the insurance premium Pledge of 100% of the company's shares Bond of accounts
Pachtův palác s.r.o.	Česká spořitelna, a.s.	Loan agreement No. 151/03/LCD of 09/04/2003 for the amount of CZK 10,950,000	Agreement on subordination of the debt Agreement on the pledge of the real estate Pledge of receivables Pledge of receivables from insurance Pledge of receivables from the bank account
Residence Belgická, s.r.o.	Česká spořitelna, a.s.	Loan agreement of 04/03/2003 for the amount of EUR 1,100,000	Agreement on subordination of the debt Agreement on the pledge of the real estate Agreement on the pledge transfer of the right Pledge of receivables Pledge of receivables from insurance Pledge of receivables from the bank account
Residence Masaryk, a.s.	Česká spořitelna, a.s.	Loan agreement of 04/03/2003 for the amount of EUR 2,600,000	Agreement on subordination of the debt Agreement on the pledge of the real estate Agreement on the pledge transfer of the right Pledge of receivables Pledge of receivables from insurance Pledge of receivables from the bank account

Záhřebská 35, s.r.o.	Aareal Bank AG	Loan agreement No. 30600167 – portfolio Vinohrady of 15/10/2003 for the amount of EUR 21,119,000	<p>Agreement on the approval to the execution of the decision</p> <p>Agreement on establishing the pledge right to real estates</p> <p>Agreement on the cease of receivables and the pledge transfer of the right to rights relating from leasing agreements</p> <p>Agreement on subordination of the debt</p> <p>Guarantor's engagement of the company ORCO</p> <p>Agreement on the cease of receivables from leasing agreements</p> <p>Pledge of accounts</p> <p>Bond of the insurance premium</p> <p>Pledge of 100% of the company's business part</p> <p>Bond of accounts</p>
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5.11 Non Paid up Loans of the Issuer

The daughter companies from the company ORCO's entrepreneurial group have the following due amounts of their loans as of the day of having issued this prospectus:

Company	Creditor	Total due amount of the loan (in thousands of CZK)	Thereof the maturity within 1 year (short-term loan)	There of the maturity from 1 to 5 years (medium-term loan)	Thereof the maturity above 5 years (long-term loan)
Americká 1, a.s.	Raiffeisenbank a.s.	181,468	7,616	35,450	138,402
Americká 33, a.s.	Československá obchodní banka, a.s.	185,000	30,000	155,000	0
Americká Park, a.s.	Raiffeisenbank a.s.	56,708	3,027	11,217	42,464
Americká-Orco, a.s.	Aareal Bank AG	77,804	6,625	27,861	43,317
Anglická 26, s.r.o.	Aareal Bank AG	5,574	475	1,996	3,103
Belgická – Na Kozáčce, s.r.o.	Aareal Bank AG	124,759	10,624	44,675	69,460
Janáčkovo nábřeží 15, s.r.o.	Aareal Bank AG	162,025	6,459	61,222	94,344
Londýnská 26, s.r.o.	Aareal Bank AG	36,696	913	30,357	5,426
Londýnská 41, s.r.o.	Aareal Bank AG	102,076	8,692	36,552	56,831
Máchova-ORCO, a.s.	Aareal Bank AG	27,220	2,318	9,747	15,155
Mánesova 28, a.s.	Aareal Bank AG	76,186	8,542	20,073	47,571
Nad Petruskou, s.r.o.	Aareal Bank AG	63,514	5,408	22,744	35,362
Oak Mill, a.s.	Raiffeisenbank a.s.	210,000	0	0	210,000
ORCO Hotel Development, a.s.	Aareal Bank AG	88,197	7,721	34,747	45,729
ORCO PROPERTY, a.s.	CIB Bank Rt, MKB Bank Rt.	99,000	99,000	0	0
ORCO Vinohrady a.s.	Aareal Bank AG	52,172	4,441	18,682	29,049
Pachtův palác s.r.o.	Česká spořitelna, a.s.	252,152	19,559	47,548	185,046
Residence Belgická, s.r.o.	Česká spořitelna, a.s.	82,301	7,110	16,559	58,632
Residence Masaryk, a.s.	Česká spořitelna, a.s.	34,783	3,132	7,861	23,789
Záhřebská 35, s.r.o.	Aareal Bank AG	71,226	6,065	25,506	39,655

The companies in the entrepreneurial group of the company ORCO's have no loans that would not be paid in the terms and deadlines agreed with corresponding creditors.

6.1 The Issuer's statutory and supervisory bodies and managers

The members of the company ORCO's Board of Directors are as follows:

ORCO HOLDING S. A.

With the registered office at 31, rue Notre Dame, L-2240 Luxembourg, the Grand-Duchy of Luxembourg

Member of the Board of Directors

Luc Leroi, born on 26. 10. 1965

With the residence at 28, rue des Genets, L-1620 Luxembourg, the Grand-Duchy of Luxembourg

Member of the Board of Directors and General Secretary of the company ORCO

Education: degree from financial sciences (HEC Belgium)

Work experience: Deloitte & Touche, auditor, from 1989
Banque UCL (Fortis Bank Luxembourg), from 1991
Credit Lyonnais Luxembourg, Head of Financial Dept, from 1997
ORCO, Head of Legal, Financial and Administrative Dept, from 2002

Languages: French, Dutch, English

Arnaud Bricout, born on 4. 1. 1964

With the residence at 18, rue de Villepreux, F-94420 Vaucresson, France

Member of the Board of Directors

Education: degree from financial management

Work experience: 18 years in the sphere of financial markets (broker, Investment Director)
ORCO, Head of Financial Dept of the Group, from 2003

Languages: French, English

Jean Francois Ott, born on 26. 2. 1965

with the residence at 120, boulevard Maurice Barres, F-92200 Neuilly sur Seine, France

Proxy and Member of the Board of Directors

Education: degree from finances and economy (IPS Paris)

Work experience: Framatome Group, broker, from 1989
ORCO, President, founding member, from 1991

Others: establishment of ORCO subsidiaries in Prague, Budapest, Bucharest, Warsaw, Bratislava, Belgrade, Kiev and Moscow
ensuring capital entry of the European Bank for Reconstruction and Development (EBRD) to the company ORCO HOTEL GROUP S.A.
establishment of the company MaMaison Résidences S.A.
establishment of The Endurance Real Estate Fund for Central Europe

Languages: French, English, German

Silvano Pedretti, born on 14. 7. 1964

with the residence at Nad Petruskou 8A, 120 00 Praha 2

Member of the Board of Directors

Education: degree from political sciences (IEP Grenoble)
degree from construction sciences (ICH Arts and Metiers)

Work experience: doctorate from real sciences (Sorbona)
Bouygues Immobilier et Eiffage, Paris, Director, from 1993
the company ORCO, Luxembourg, Member of the Board of Directors, from 1993
Other activities: the political movement EC 2009, President
Union des Français de l'étranger, President
Foreign advisor for France in the Czech Republic (from 2003) for the
sphere of social and economic investment
Languages: French, Italian, English, Czech

Nicola Tommasini, born on 11. 10. 1971
with the residence at Revay utca 10. H-1065 Budapest, Hungary
Member of the Board of Directors
Education: graduate from Institut d'Etudes Politiques de Paris
degree from economy at the University of Lancaster, Great Britain
Work experience: ORCO, from 1997; Head of Office in Budapest, from 2003
Languages: French, English

Pierre Cornet, born on 5. 4. 1937
with the residence at 6, chemin de Ruettes, F-18110 Fussy, France
Member of the Board of Directors
Education: graduate from Universität Hamburg in Germany
Work experience: long-term work experience in real estate and financial companies
Languages: French

Bernard Gauthier, born on 12. 3. 1944
with the residence at 8-9, Silverstrand Garden, CHN - Hong Kong, China
Member of the Board of Directors
Education: graduate from business school
Work experience: long-term director of more building companies
Languages: English, French

Patrick Ganansia, born on 15. 1. 1968
with the residence at 44, avenue de la Bourdonnais, F-75007 Paris, France
Member of the Board of Directors
Education: graduate from business school ISG
decree from property administration (DESS)
Work experience: long-term work experience in building and real estate companies
Languages: French, English

Guy Wallier, born on 29. 3. 1936
with the residence at 8, avenue Elysee Reclus, F-75007 Paris, France
Member of the Board of Directors
Education: graduate from Institut d'Etudes Politiques de Paris
Work experience: Executive Director of CFPMI
President of ASI
Languages: French, English

Ricardo Portabella-Peralta, born on 4. 3. 1960
with the residence at 21, chemin du Bryon, CH-1223 Cologne, Switzerland
Member of the Board of Directors
Education: graduate from Scottsdale College v Arizona, USA
degree and MBA of laws, University of Barcelona

Work experience: long-term work experience in financial and real estate companies
Languages: Spanish, French, English

Rémy Allemane, born on 3. 4. 1960
with the residence at 7, chemin du Torry, CH-1295 Mies, Switzerland
Member of the Board of Directors
Education: graduate from Ecole Supérieure des Travaux Publics
Work experience: AMM Finance S.A., Geneva, President
Languages: French, English

In accordance with Art. 6. para. 3 letter e) of the rules, the company ORCO declares that none of the above-mentioned members of the Board of Directors of the company ORCO has been condemned for property offence and that all the above-mentioned members of the Board of Directors of the company ORCO are without criminal records.

Pursuant to § 10 para. 1 of the Decree, the managers of the company ORCO are as follows:

Jean-Francois Ott, born on 26. 2. 1965
(education and work experience – see above)
with the residence at 120, boulevard Maurice Barres, F-92200 Neuilly sur Seine, France
Chief Executive Director (CEO)

Ing. Aleš Vobruba, born on 28. 12. 1959
with the residence at Na Chodovci 2488, Praha 4
Senior Vice-President, authorised to manage activities of the company ORCO in Central Europe
Education: graduate from Faculty of Foreign Relations of the Prague School of Economics (VŠE)
Work experience: Export Dept of Artia, Praha, from 1991
ORCO, managing activities of the company ORCO in Central Europe, from 1995
Languages: Czech, English

Steven Leonard Davis, born on 13. 10. 1959
with the residence at Do Dubin 13/1138, Praha 4
Senior Vice-President, authorised to manage activities of the company ORCO in Central Europe
Education: graduate from Carmel College (Great Britain)
Work experience: Flow-East, a.s., partner, from 1991 to 2003
ORCO, managing activities of the company ORCO in Central Europe, from 2003
Languages: English, Italian

Arnaud Bricout, born on 4. 1. 1964
(education and work experience – see above)
with the residence at 18, rue de Villepreux, F-94420 Vaucresson, France
Vice-President, authorised to manage finances of the company ORCO

Nicola Tommasini, born on 11. 10. 1971
(education and work experience – see above)
with the residence at Revay utca 10. H-1065 Budapest, Hungary

Vice-President, in charge of activities related to hospitality and managing the companies ORCO HOTEL GROUP S.A. and MaMaison Résidences S.A.

In 2002, the company ORCO set up the Remuneration Committee that has now the following members: Remy Allemane, Pierre Cornet, Patrick Ganansia, Jean-François Ott, Portabella Peralta and Guy Wallier. The Committee gives recommendations to the Board of Directors regarding remuneration and incentive mechanisms for managers and directors. It met once during the accounting period of 2003.

In the company ORCO also the Audit Committee has been established with the following members: Patrick Ganansia, Luc Leroi, Jean-François Ott and Ricardo Portabella Peralta. This committee examines regularly the preparation of the company's financial statements, internal audits and methods of disclosing information and quality and exactness of the company's financial reports. It controls independence of auditors and selection of reference standards. It met once during the accounting period of 2003.

Further, the company ORCO also created, starting from the beginning of the accounting period of 2004, the Steering Committee. This Committee meets each month and is informed of all decisions taken in various spheres of the group activities. In addition to its chairman and his deputies, the members of this Committee include: Bertrand Caillard, Martin Gebauer, Pavel Klimeš, Dragan Lazukić, Luc Leroi and Ivo Pfannestiel. The members of the Steering Committee, the Audit Committee and the Remuneration Committee are not managerial employees pursuant to § 10 para. 1 of the Decree.

The company ORCO has no supervisory board or another similar control body. The control of Board of Directors is conducted, in accordance with Art. 19 of the Articles of Association of ORCO, by the General Meeting of the company; checking accounts of the company ORCO is, in accordance with Art. 17 of the Articles of Association of ORCO, entrusted to one or several independent auditors who are members of the Luxembourg Institutes of Company Auditors. The auditors are appointed, in accordance with Art. 17 of the Articles of Association of the company ORCO, by the General Meeting of the company for the period not exceeding six years (with the possibility of repeated appointment).

The current auditors of the company ORCO are specified in Chapter 1.2 hereof.

6.2 Functions performed by members of statutory and supervisory bodies and managers of the issuer outside the issuer's activities

Below in this chapter, the overview of functions of members of the Board of Directors and managers of the company ORCO outside the activities for the company ORCO is provided that are important in connection with assessment of the issuer and its securities.

Remy Allemane - Member of the Board of Directors AAM Finance and Member of the Supervisory Board of PGO Automobiles

Pierre Cornet - President of Cher Initiative, Member of the Board of Directors Centre Capital Développement, Member of the Board of Directors of the enterprise Dhennin France and Executive Officer of SCEA de la Thiau

Patrick Ganansia - President SOFII SA, Member of the Board of Directors MALA STRANA, Executive Officer of INITIATIVES FINANCIERES, Executive Officer of INITIATIVES

PATRIMONIALES, Executive Officer of NANELLE CREATIONS, Executive Officer of SCI GABI, Executive Officer of SCI GINVEST and Executive Officer of SCI COP

Silvano Pedretti - Member of the Board of Directors of the companies AS 2000, a.s., Eurocaffés and Eurofranchise

Ricardo Portabella-Peralta - Member of the Board of Directors of Banque Degroof SA, Vice President of Banque Degroof Luxembourg SA, Vice President of Banque Degroof Suisse SA, Member of the Board of Directors of Guimard Finance SA, Proxy of Ventos SA, President and Member of the Board of Directors Guineu Inversio SA, President of Windcorp SA, President of Anpora SA, Advisor in the Group Danone, Advisor of Privat Bank SA and President of the Luxembourg Foundation Luis Portabella y Conte Lacoste

Guy Wallier – President of the French Company for Movable and Immovable Participations (CFPMI) and President of „L’action Sociale Immobilière“.

Jean-François Ott – Proxy of ORCO HOLDING S.A., Member of the Board of Directors of The Endurance Fund Management Company S.A., Executive Officer of Kosic Sàrl, Member of the Board of Directors MALA STRANA, Executive Officer of VINOHRADY, Executive Officer of SCI LA PRAGUOISE, Executive Officer of SCI OTTAN, Member of the Board of Directors MANHATTAN SA and Member of the Board of Directors COMPAGNIE FINANCIERE DE DEAUVILLE

Arnaud Bricout – Chairman of the Supervisory Body of PGO Automobiles

Luc Leroi - Member of the Board of Directors ORCO HOLDING S.A., Member of the Board of Directors The Endurance Management Company S.A. and Executive Officer of Kosic Sàrl

6.3 Rules regulating election of statutory and supervisory bodies of the issuer

Composition, powers and method of electing members of the Board of Directors of ORCO are regulated in its Articles of Association in Art. 9 to 14, in the following manner:

Pursuant to Art. 9 of the Articles of Association of the company ORCO, the company is managed by the Board of Directors consisting of minimally three members, of which each must hold at least one share of the company. It represents the company towards third parties and in front of courts, either as plaintiff or defendant. Acts for the benefit of the company or against it are carried out validly only in the name of the company itself. Members of the Board of Directors are appointed by the General Meeting for a period that cannot exceed six years, they can be elected again and recall any time *ad nutum* and based on the decision of the General Meeting deciding by a decisive mere majority. If there is a vacant position of any member of the Board of Directors, the remaining members have the right to deputise for him for the time being; in such a case the General Meeting approaches at its first meeting the definitive election. However, if there are more than five vacant positions, Chairman of the Board of Directors and Chief Executive Officer, or the most senior member of the Board of Directors, is obliged to summon the Extraordinary General Meeting that will deal with renewal of the Board of Directors.

In accordance with Art. 10 of the Articles of Association of the company ORCO, members of the Board of Directors can be natural or legal persons. In their candidature, legal persons that are appointed as members of the Board of Directors must name their deputies, i.e. natural

persons that will sit in the Board of Directors in their name. This deputy is subject to the same conditions and duties and bears the same responsibility as if he was appointed a member of the Board of Directors in his own name, without affecting solidarity guarantee of the legal person it represents. The power of attorney certifying that it is authorised to deputise and validly oblige the legal person for the period of its mandate must be delivered to the company upon appointing the Board of Directors. Upon each renewal of the Board of Directors, the mandate of legal person deputy has to be renewed. If the legal person recalls the mandate of its deputy, it is obliged to inform the company of this recalling immediately with a registered letter and at the same time disclose the identity of its new deputy. The same applies in the case of death, resignation or long-term impediments to the permanent deputy. The employee of the company can be appointed a member of the Board of Directors provided that his employment contract precedes his appointment and corresponds to the real employment. The number of members of the Board of Directors connected with the company with an employment contract must never exceed one third of members of the Board of Directors in the function.

In accordance with Art. 11 of the Articles of Association of the company ORCO, the Board of Directors is authorised to conduct all operations necessary or suitable for conducting the subject of enterprise of the company; everything which is not reserved for the General Meeting by law or in these Articles of Association, falls within its competence. In relations with third parties, the company is also bound by acts of the Board of Directors exceeding the subject of enterprise, if it does not prove that the third party knew that the act exceeds this subject and could not ignore this fact with respect to the respective circumstances. The members of the Board of Directors bear no personal responsibility in terms of obligations of the company. In spite of this, members of the Board of Directors remain responsible against the company, in accordance with public law, for performing the mandate they have been provided with, and mistakes they make at their work. The members of are responsible in a symphatetic way either towards the company or a third party and all damages caused by breaching the provision of the Act of 10 August 1915, as amended, or these Articles of Association. They will be relieved from this responsibility in terms of offences they have not participated in only if no mistake can be blamed on them and if they will inform the nearest General Meeting of these offences after they learn about them.

Pursuant to Art. 12 of the Articles of Association of the company ORCO, the Board of Directors may decide only if majority of its members is present or deputised, authorisation among members of the Board of Directors is accepted that may be granted in writing, by telegram, telex or fax. In case of emergency, members of the Board of Directors may vote in writing, by telegram, telex or fax. Decisions of the Board of Directors are accepted by majority of votes; in case of equality of votes, the vote of a person presiding is decisive. Resolutions signed by all members of the Board of Directors are also valid and enforceable as resolutions taken at the regularly convened and held meeting. The secretary's role is to ensure specimen signatures of all members of the Board of Directors and Chairman-Chief Executive Officer will check if they correspond to signatures on documents signed outside the meeting.

Pursuant to Art. 13 of the Articles of Association of the company ORCO, the Board of Directors can delegate its powers or their part regarding everyday management and representing the company in terms of administration to one or more members of the Board of Directors, shareholders or not. Especially all operations connected with the subject of enterprise are included in the everyday management, such as purchase of real estates, obtaining interests and granting loans to the companies that are a part of the group, all banking finances without limitation of amounts and all types of investments, while this list is not limitative. Such delegating to a member of the Board of Directors is subject to the prior

approval by the General Meeting and each delegating must be registered in the Business Register in accordance with the provisions of Article 9 of the Act amended in 1915. The Board of Directors also appoints the secretary who does not need to be a member of the Board of Directors. He invites members of the Board of Directors for meetings, keeps attendance sheets, checks elaborating the meeting minutes and prepares copies and extracts from them. If the proxy is not present or cannot participate, the Board of Directors appoints at each meeting a member who will preside it. Unless agreed otherwise, the oldest member presides. The proxy and the secretary may be elected any time again. In accordance with Art. 14 of the Articles of Association of the company ORCO, the company is fully bound either by collective signature of two members of the Board of Directors or individual signature of the proxy.

Managers of the company ORCO are appointed to their functions by Chairman of the Board of Directors of the company ORCO based on recommendations from the Board of Directors of the company ORCO.

6.4 Performance provided to members of managerial bodies and managers of the issuer and persons that are in the concern with it

In order to supplement the information in Chapter 5.1.1 hereof, in respect to bonuses for the accounting period of 2003, the fixed bonus of members of the Board of Directors and managers of the company ORCO has reached the following amounts:

- EUR 213,000 for Mr Pedretti,
- EUR 314,000 for Mr Ott,
- EUR 90,000 for Mr Tommasini,
- EUR 100,000 for Mr Bricout,
- EUR 120,000 for Mr Leroie,
- EUR 66,000 for Mr Vobruba, and
- EUR 40,000 for Mr Davis.

all in addition to bonuses for the participation in meetings of the Board of Directors of ORCO. There is no variable component. In 2003, the company ORCO HOLDING S.A. received from the company ORCO for its participation in the Board of Directors of ORCO the amount of EUR 360,000.

The bonus for the participation in the meeting amounting to EUR 500 is paid to each member of the Board of Directors during his participation in the meeting of the Board of Directors, which amounted to in 2003:

- Mr Ott – EUR 1,500,
- Mr Pedretti – EUR 1,500,
- Mr Cornet – EUR 500,
- Mr Ganansia – EUR 1,500,
- Mr Portabella – EUR 1,500,
- Mr Wallier – EUR 1,500,
- Mr Allemane – EUR 1,000, and
- Mr Gauthier – EUR 500.

No other bonuses or performances are paid or granted to the members of the Board of Directors of the company ORCO.

Since 1 October 1999, Mr Silvano Pedretti has been leasing from the company Nad Petruskou s.r.o. the apartment No. 10, in the street Nad Petruskou 8A, Praha 2. The monthly rent has been agreed for DEM 4,900 (market price), i.e. EUR 2,505, which is EUR 30,060 for 2003. The persons constituting the group ORCE have not provided other persons with any performance.

During the accounting period of 2003, no agreements were concluded with members of managerial or control bodies of the company ORCO or with their managers.

6.5 Total number of participation securities owned by the issuer's statutory bodies

As of the date of this prospectus execution, the company ORCO HOLDING S.A. held the total number of 991,967 shares of the company ORCO, which represents 21.45% share in share capital of the company ORCO and 21.565% share in voting rights of the company ORCO.

As of the date of this prospectus execution, Mr Bernard Gauthier held the total number of 469,230 shares of the company ORCO, which represent 10.15% share in share capital of the company ORCO and 10.20% share in voting rights of the company ORCO.

As of the date of this prospectus execution, Mr Ricardo Portabella Peralta held 200,000 shares of the company ORCO, which represents 4.32% share in share capital of the company ORCO and 4.35% share in voting rights of the company ORCO.

In 2003, Mr Jean-François Ott exercised 80,000 shares included in his share option scheme and in the same period Mr Silvano Pedretti exercised 40,000 shares included in his share option scheme – these options have already been exercised, and therefore they are not included in the table below. During the accounting period of 2003 no new share option scheme was realised.

During January 2004, the share option scheme was cancelled for the benefit of the authorised person of the company (Mr Pedretti) concerning 40,000 shares with the realisation price of EUR 12.65 and was replaced with the same scheme under the same conditions for the benefit of another authorised person of the company (ORCO HOLDING S.A.). The maturity of this scheme was determined for September 2006, but the whole was realised in April 2004 – therefore, company ORCO HOLDING S.A. has no option any more for shares of the company ORCO and with respect to the fact that these options have also been exercised, they are not included in the table below.

According to the current option scheme of the company ORCO, Messrs Aleš Vobruba, Patricia Lerouge, Dragan Lazukić, Pavel Klimeš and Věroslav Machuta have the possibility to subscribe the total number of 24,000 shares of the company ORCO for prices from EUR 20 to 30 per share, as follows:

Authorised person	Number of shares	Price per share	Option duration
Patricia Lerouge	4,000	25 EUR	30. 4. 2005
	2,000	30 EUR	30. 4. 2005
Aleš Vobruba	2,000	20 EUR	31. 12. 2005
	2,000	25 EUR	31. 12. 2005
	2,000	30 EUR	31. 12. 2005
Dragan Lazukić	2,000	20 EUR	31. 12. 2005
	2,000	25 EUR	31. 12. 2005
	2,000	30 EUR	31. 12. 2005
Pavel Klimeš	2,000	25 EUR	30. 4. 2006
	1,000	30 EUR	30. 4. 2006
Věroslav Machuta	3,000	30 EUR	30. 4. 2006
Total	24,000		

If any of the above-mentioned employees of the company ORCO decides to use the right to exercise option to purchase of shares of the company ORCO for preferential price, he is obliged to notify it to the company ORCO with a registered letter, where he will specify,

among others, also the number of shares he intends to acquire by exercising his option and remit the respective amount to the account of the company ORCO. Then the company ORCO is obliged, within one month from receiving this amount, to issue shares to the authorised employee that it either (i) purchases before on a regulated market, or that (ii) will be created due to increase in share capital of the company ORCO done for the purpose of issuing new shares resulting from exercising options.

As of the date of this prospectus execution, none of them used this right and the company ORCO has no other share option scheme.

6.6 Participation of statutory bodies of the issuer outside the issuer's subject of enterprise

The members of statutory bodies of the company ORCO or their members and managerial employees of the company ORCO do not participate in business transactions outside ORCO's subject of enterprise nor other business transactions that would be unusual for the company ORCO in terms of their form, nature, conditions and subject. The functions performed by members of ORCO's statutory body outside the activity for the company ORCO are described in Chapter 6.2 above.

6.7 Credits granted to statutory bodies of the issuer

The company ORCO has no claims due from not paid credits or loans so far towards members of its statutory bodies, supervisory bodies or managerial employees, nor has taken over any guarantee, other securing or performance for them.

6.8 Possibilities for the employees to participate in the issuer's share capital

With the exceptions described in Chapters 3.2, 6.5 and note 20 to Chapter 5.1.1 hereof, the employees of ORCE do not have any extra possibilities to participate in share capital of the company ORCO. According to the findings of the company ORCO shown in the table in Chapter 3.10 hereof, the employees of ORCO hold 8,881 shares of the company ORCO that they have acquired at the stock exchange.

Chapter 7: Information on Development of the Issuer's Activities

7.1 Information on Trends in the Issuer's Activities

The development of traditional activities of the company ORCO in the area of offices and residential buildings should continue, mainly by:

- construction of residential buildings through the company IPB Real a.s., acquired at the end of 2003, and
- proceeding with the strategy of purchase and development of property in Prague, Budapest, and Warsaw,

by speeding up the process of establishing branches in major cities of Central and Eastern Europe through the company MaMaison Résidences S.A., and strengthening the position of ORCO by management of The Endurance Real Estate Fund for Central Europe investment fund and partnership with Invesco company.

ORCO would like to establish itself in new countries also through the company ORCO HOTEL COLLECTION S.A. that should open its new hotels in several major cities of Central Europe (for example Bucharest, Belgrade) and Eastern Europe (for example Kiev, Moscow) in the near future.

Consolidated turnover for the first quarter of 2004 was 14,667,000 EUR with EBITDA being 2,535,000 EUR (non-audited data). The following table shows the contribution of individual segments to the indicators in 2002 and 2003:

Amounts in '000 EUR	2002	2003	Δ 02/03	
Turnover offices	3 330	2 091	-37 %	Year 2003 was difficult for "Offices" (withdrawal of two tenants) but 2004 suggests turnaround
Turnover residential	1 474	1 446	-2 %	
TOTAL	4 804	3 537	-26 %	
EBITDA offices	2 419	1 385	-43 %	Residential were better with the turnover in T1 by 1 % higher then the estimate of 441,000 EUR and occupancy rate of 90% in March 2004
EBITDA residential	1 086	1 082	-	
TOTAL	3 505	2 467	-29,60 %	
EBIT offices	1 642	774	-53 %	The occupancy rate of offices improved from 46.5 % in January to 59.4 % in the end of March. The turnover corresponds with the estimate of 321,000 EUR
EBIT residential	702	729	+4 %	
TOTAL	2 344	1 503	-36 %	

The General Meeting held on 29th April 2004 made a resolution to pay dividend of 0.45 EUR per share that means an increase of 12.5% compared to 2002.

7.2 Information on the Issuer's Business Forecast

The ORCO's strategy is to continue in the development of two supporting activities of the group, i.e. (i) real estate by acquiring new property and (ii) construction through the company IPB Real a.s. in the regional cities in of the Czech and Slovak Republics and by new acquisitions in Poland.

Furthermore, ORCO aims to increase its operational margins by dynamic cost management and increase of selling prices, continuation in geographic expansion of the company MaMaison Résidences S. A. (for example Sofia, Kiev, and Moscow), and continuation of investments in the hotel industry that could mature in 2 to 3 years, investments in new market segments and new countries (mainly the so called "commercial property"), strengthening the position of ORCO in Central Europe through the management of The Endurance Real Estate Fund for Central Europe (investment fund with the investment capacity of 300 million EUR) in co-operation with Invesco company.

In the first half of 2004 the turnover of ORCO was 46.3 million EUR meaning a change in the size of the group and significant turnaround in majority of activities. The following table shows non-audited data (in '000 EUR):

Data in '000 EUR	S1 2004	S2 2003	Variance
Group Turnover	46,300	4,700	NS
Offices	800	1,108	-27.8 %
Residential	900	636	+ 41.5 %
MaMaison Résidences S.A.	1,200	379	+216 %
ORCO HOTEL COLLECTION S.A.	3,200	2,140	+49 %
IPB Real a.s.	40,200	ND	NS

Turnover of IPB Real in the first half of 2004 was 40.2 million EUR. Such good result shows the strong demand for apartments by the Czech middle class the purchasing power of which keeps on increasing and who can use a wide range of loans and at the same time it is a proof of dynamics and expertise of the sales team of IPB Real a.s.

Turnover published by the company MaMaison Résidences S.A. is much higher than expected and was 1.2 million EUR, meaning an increase by 216 % compared with the first half of 2003. Such big increase confirms the right locations of the company MaMaison Résidences S.A. residencies. As to the occupancy rate in the first half of 2004 it was 77 % compared to 42 % in the previous year (and 90 % in June) which also indicates a major trend turnaround. Opening the Pachtá Palace in Prague (51 apartments) and Šulekova residence in Bratislava (32 apartments) should support the activities in the second half of 2004.

Turnover published for the hotel industry was 3.2 million EUR i.e. an increase by 49 % compared with the first half of 2003, the total occupancy rate was 52 % compared to 39.1 % in the previous year. The average occupancy rate adjusted by the hotel Andrassy (Budapest), the occupancy rate of which was under pressure due to works on restaurant refurbishment in the first quarter of 2004, increased even more (Riverside hotel: 51.2 % and Imperial hotel: 56.8 %). Opening of the Le Regina hotel in Warsaw and improved market conditions will confirm the forecast of ORCO HOTEL COLLECTION S.A. for the whole year.

While 2003 was not very good in the area of office premises leases, improvement can be seen in 2004. Occupancy rate in the first half clearly increased and should be 95% by the end of the year.

The change in the dimension of the business group ORCO can be felt on the level of shareholders, too. During one year the number of ORCO shareholders trebled and its exchange capitalization increased by more than 100 % to 112 million EUR. Such progress happened in large volume since at the beginning of 2004 the daily volume processed per share was 12.800 of securities which made ORCO's security one of the most active on the secondary market of EURONEXT exchange.

Based on Luxembourg law, ORCO and Invesco as joint investors established a property fund The Endurance Real Estate Fund for Central Europe in the beginning of 2004 designated exclusively for the institutional investors. It is an investment fund managed under the Luxembourg Act from 1991 on investment funds with securities and Luxembourg Act from 2002 on securities. JP Morgan is the investment agent of The Endurance Real Estate Fund for Central Europe. On 4th October 2004 the fund acquired the license from the Luxembourg Commission for Supervision over the Financial Sector and on 20th October 2004 it acquired its first property – Atronyx Office Building in Budapest with office premises of 18,000 sqm in the value of 20,000,000 EUR.

ORCO and Invesco participate in the fund in several ways:

- ORCO and Invesco are shareholders with an even share of the fund management company (The Endurance Fund Management Company S.A.) that was established in December 2003 with a sole aim to manage The Endurance Real Estate Fund for Central Europe. Jointly they own 100 % of capital,
- ORCO and Invesco are shareholders of The Endurance Real Estate Fund for Central Europe, each up to 2.5 %,
- The Endurance Fund Management Company S.A. decided to delegate the tasks of „Asset and Property Manager“ and „Fund Manager“ to the ORCO and Invesco team,
- ORCO finds property and offers it to the fund and arranges financing with banks and then it manages the property that the fund acquires,
- Invesco decides on the purchase and assignment of fund's assets through its investment commission, and
- One of the ORCO representative is a member of the Invesco investment commission.

The Endurance Real Estate Fund for Central Europe is a guarantee of a repayable turnover for ORCO and its subsidiaries. Incomes (fees) are divided into three groups, (i) Asset Manager commission amounting to 1 %, calculated from the total subscribed amount, (ii) commission from purchase and sale of property, and (iii) Property Management fee for property that will be managed by ORCO.

Investment policy of The Endurance Real Estate Fund for Central Europe is to purchase and develop (up to 20 % of the fund size) offices or commercial centers in the Czech Republic, Hungary, Poland, and Slovakia. Though the fund is based on synergy of competence and experience of ORCO in Central Europe, in no case will the fund compete with the group activities since clear quantitative and qualitative criteria are applied to prevent any competition while allocating a project to the fund instead of ORCO and vice versa.

The size of the fund is assumed to be 80 to 100,000,000 EUR with the first round of decision ending on the amount of 45,000,000 EUR. Expected income of the company during the fund existence may be estimated to be 10 to 14,000,000 EUR

Overall, the business group ORCO has a great confidence in its ability to reach the estimated trebled turnover above 67,000,000 EUR outside the arbitration and doubled EBITDA up to 12,000,000 EUR. Overall forecast for 2004 is included in the following table:

Data in '000 EUR	2004 E	Δ 04/03 E
Offices	2,319	11 %
Residential	1,742	20.50 %
IPB Real a.s.	50,776	Ns
MaMaison Résidences S.A.	2,641	104 %
ORCO HOTEL COLLECTION S.A.	8,275	67 %
The Endurance Real Estate Fund for Central Europe	1,600	Ns
TOTAL turnover	67,353	
Offices	1,471	6.20 %
Residential	1,173	8.40 %
IPB Real a.s.	6,693	
MaMaison Résidences S.A.	755	17.80 %
ORCO HOTEL COLLECTION S.A.	2,216	Ns
The Endurance Real Estate Fund for Central Europe	1,600	Ns
Management Expenses	- 1,759	Ns
TOTAL EBITDA	12,149	

Specific part (part relating to securities)

Chapter 8: Information Relating to All Securities

8.1 Legal Base for the Issue of Securities

As results from the table in the Chapter 3.8 hereof, securities placed on regulated markets are issued by ORCO from the General Meeting of ORCO held on 20th December 2000 that decided that the company ORCO would go public and increase its share capital in relation thereto. All ORCO's shares issued after such date are publicly tradable.

ORCO bonds are issued based on the ORCO's Board of Directors resolution dated 27th July 2004 on the issue of 1,001,563 bonds in the total par value of 32,450,641.2 EUR.

BSA warrants are issued based on the ORCO's Board of Directors resolution dated 5th November 2003.

ORCO reminds that as to the securities covered hereby, it is not a new issue of securities but only their listing on a regulated market – The Prague Stock Exchange and that is why the prospectus does not contain any data pursuant to Section 3 (1 *m to o*) of the Regulation.

8.2 Information on Securities

All ORCO shares are immobilized ordinary shares; based on the shareholder's choice they can be either bearer or registered shares. All currently issued shares are bearer shares, no coupons are attached to the shares and at their issue they have been given ISIN: LU0122624777. ORCO shares are without nominal value as stated hereinbefore.

Upon the issue, ORCO bonds have been given ISIN: FR0010108704, par value of each is 32.40 EUR. The bonds are convertible into ORCO shares as specified in the Chapter 10.3 hereof.

Upon the issue, BSA warrants have been given ISIN: LU0180369919; basic information are included in Chapters 5.3.1 and 11 hereof.

8.3 Taxation of Security Yield

Tax system used for taxation of security yield depends on the type of the shareholder (natural person or legal entity) and location of its tax seat.

Based on law of the Grand Duchy of Luxembourg, the general condition that can apply to all dividend payments made by a Luxembourg company to foreign shareholder who do not utilize any provisions of treaties to prevent double taxation (including investment funds, open investment funds, insurance contracts, etc.) is the withholding tax of 20 % from the tax base.

Pursuant to the Article 147 of the Luxembourg Code – Income Tax Act, no other withholding tax shall apply if the receiver is a fully taxable Luxembourg company or a company with the registered office at any of the EU member states to which the Article 2 of the EEC Directive date 23rd July 1990 on common system of taxation of parent companies and subsidiaries from different member states applies and if as of the payment date the receiver holds or binds

himself/herself to hold directly at least a 10 % share or at least 1,200,000 EUR from the purchase price in the share capital of the debtor for the continuous period of 12 months. Generally, it is possible to add the withholding tax to a tax paid by the receiver in the country of its tax residency. In case of taxation of such income, the gross dividend shall be the base, formalities may change from country to country.

Should a legal entity with the registered office in the Czech Republic be an ORCO's shareholder, its dividend yield forms a separate tax base. Pursuant to Section 25b(1) of the Act no. 586/1992 Coll., on income tax, as amended (hereinafter referred to as the "ITA"), all dividend yield, share in profits, settlement share, share in liquidation balance or any other similar performance including the amount of tax withheld abroad, arising from income abroad in the relevant tax period shall be added to such separate tax base. A separate income from settlement share or share in liquidation balance or from a similar performance included in such separate tax base shall be decreased by an acquisition price of the share in a business company or co-operative.

Pursuant to Section 21 (3) of ITA, the tax rate of 15 % applies to a separate tax base pursuant to Section 20b rounded down to thousands.

If a natural person with a permanent residence in the Czech Republic is an ORCO's shareholder, its dividend yield (share in profit) is regarded as a capital assets income pursuant to Section 8 (1a) of ITA and pursuant to Section 8 (4) of ITA it is not decreased by costs and forms a tax base (partial tax base) if the tax payer does not use the possibility to include it into the separate tax base using the rate pursuant to Section 16 (2) of ITA.

The yield is included in the separate tax base including the tax withheld abroad and pursuant to Section 16 (2) of ITA they are taxed by the tax rate of 15 %.

8.4 Manner of Security Conversion

All securities issued by ORCO are convertible without any restrictions. Their settlement upon transaction is specified in Chapter 8.6 hereof.

8.5 Regulated Markets

So far, all ORCO shares have been traded only on the secondary market of EURONEXT exchange in Paris. With respect to the fact that it is not a new issue but only a listing, the subject matter of the application for listing on the Prague Stock Exchange is 3,630,857 ORCO's shares without par value; other details on the extent of listing are included in Chapters 9.5 and 9.6 hereof.

Furthermore, all 1,001,563 ORCO's bonds are traded on the secondary market of EURONEXT exchange in Paris. The subject matter of the application for admission to trade on the Prague Stock Exchange is 1,001,563 bonds.

Apart from the above, 3,036,564 BSA warrants are traded on the secondary market of EURONEXT exchange in Paris. Submitting the application for the admission to trade them on the Prague Stock Exchange is supposed in 2005.

8.6 Payment of the securities returns and settlement of the trading therewith

The owners of the securities emitted by the company ORCO can exert their proprietary rights connected with the securities via the bank Natexis Banques Populaires, with the registered office at BP 4, F-75060 Paris, France. Through this bank the securities returns are paid to them as well. These returns including the interests from the bonds will be paid to the owners of the securities of the company ORCO by this company ORCO on their bank account.

The association Euroclear Netherlands (below “EUROCLEAR” only) acts as the representative of the company Clearstream Banking, société anonyme, Luxembourg, Luxembourg Grand Duchy (below “Clearstream” only). During the time that EUROCLEAR will be the registered shareholder it will be regarded as the only one legal shareholder, whereas the proprietary rights exercise of those shareholders of the company ORCO who own their shares through the company EUROCLEAR is described in the chapter 9.3 of this leaflet. The company EUROCLEAR will keep the shares for the benefit of the company Clearstream and the owners of the accounts administered in the company Clearstream will keep the shares in the dematerialized form. One of the owners of the accounts in the company Clearstream is the company UNIVYC, a.s., with the registered office at Praha 1, Rybná 14, IČ: 25081489 as well (below “UNIVYC” only) which will keep the shares for the benefit of the owners of the accounts in UNIVYC. The company UNIVYC is a 100 per cent subsidiary company of the stock exchange and is certified by the Czech Securities Commission to perform the settlement of the trading effected on the stock exchange. The securities can be settled in the company UNIVYC through its participant only.

The company UNIVYC owns a charge account No. 84473 in the company Clearstream on which the shares of this company will be registered. The company UNIVYC will be a shareholder for the benefit of the owners of the accounts in the company UNIVYC and will keep the shares of these account owners in its dematerialized securities accounting. The transfers of the shares between the owners of the accounts in the company UNIVYC will be carried out in the common way in accordance with the rules and operational procedures of the company UNIVYC.

The share trading on the stock exchange will be settled only through the company UNIVYC a registered in the dematerialized form on the accounts of the company UNIVYC. The share trading on the stock exchange can not be settled directly through the company Clearstream or EUROCLEAR. The share trading settlement will be carried out on the property accounts opened in the company UNIVYC; on the account of the company UNIVYC opened in the company Clearstream no change will occur.

After receipt of the shares to be traded on the stock exchange the shares will be traded on the stock exchange and the prices will be indicated in the Czech Crowns (CZK/CZK). The share trading negotiated on the stock exchange will be settled in the company UNIVYC in the T+3 form. The settlement of the secondary share trading and the entries on the property accounts in the dematerialized securities accounting of the company UNIVYC will be carried out in accordance with the common rules and operational procedures of the company UNIVYC applicable to the shares.

Other persons than the company UNIVYC can also own their shares registered directly on an account in the company EUROCLEAR or Clearstream and not on an account of the company UNIVYC No. 84473. Nevertheless the shares registered on their accounts in the company Clearstream or EUROCLEAR can not be directly used for the settlement in the company UNIVYC. These persons would be first obliged to transfer their shares from their account in

the company Clearstream or EUROCLEAR on an account of the company UNIVYC No. 84473 in the company Clearstream in favour of their account in the company UNIVYC (or in favour of their securities trader), the company UNIVYC would put the shares down to the respective account conducted by it and first afterwards the parties could proceed to the settlement of the share trading in the company UNIVYC. These operations connected with the transfer take usually up to one working day, therefore for the successful settlement in the company UNIVYC the respective instructions have to be issued duly in advance. The transfers between the owners of an account in the company Clearstream will be carried out in accordance with the valid rules and operational procedures of the company UNIVYC. The rules and operational procedures of the companies UNIVYC and Clearstream enable also an inverse approach where the shares put down to an account in the company UNIVYC are deducted from this account and put down to the account of a designated person in the company Clearstream or EUROCLEAR; nevertheless, these shares can not be directly settled in the company UNIVYC.

The company ORCO or any of its employees, consultants (including the local listing agent or legal adviser) or any from his representatives or associated persons will not be responsible for the performance of the respective bonds of the companies EUROCLEAR, Clearstream or UNIVYC or their respective participants in accordance with the rules and operational procedures nor for the sufficiency of the above stated arrangements in whatever respect.

The payment of the dividends and other paid amounts from the shares administered in the company UNIVYC in the dematerialized securities accounting will be accepted by the company UNIVYC and put down to the cash accounts of the participants of the company UNIVYC in accordance with the rules and operational procedures of the company UNIVYC with the view of the further payment to the owners of the accounts in the company UNIVYC. The payment of the dividends and other paid amounts from the shares administered in the company Clearstream in the dematerialized securities accounting will be accepted by the company Clearstream and put down to the cash accounts of the owners of the accounts in the company Clearstream in accordance with the rules and operational procedures of the company Clearstream.

The above stated settlement procedure will be accordingly used for the settlement of the bond trading as well.

8.7 Parts of the issue

With respect to the fact, that no new issue is concerned, but only a stock exchange quotation, the share or bond issue will not be divided between the single regulated markets, but the same shares and bond will be traded on both stock exchanges, i.e. in Prague and Paris.

8.8 Issue rate

The purchase price at the beginning of the securities trading will be determined according to the last known quotation (closing rate) of the respective security. For the conversion of the EUR rate to the CZK, the rules for such conversions given by the stock exchange and used by the company UNIVYC will be used.

8.9 Exercise of the right to exchange securities

No rights for the exchange for another security or other preferential rights are connected with

the securities (with exception of the exchangeable bonds and checks BSA) issued by the company ORCO. The details of the exchange of the bonds of the company ORCO for its shares are stated in the chapter 10 of this leaflet; the basic specifications on the checks BSA are stated in the chapters 3.5.1 and 11 of this leaflet.

8.10 Securities subscription procedure

Luxembourg law on the trading companies guarantees to the shareholders the preferential right of the subscription which can be restricted or cancelled by the general meeting, eventually by the board of the company after the authorization of the general meeting.

In accordance with the above and with the article 5 of the statutes of the company ORCO, the board of the company ORCO lays down the date and place of the issue(s), the issue price, conditions of the subscription and repayment of the new shares. As far as the issue of the shares is concerned which are the subject of this leaflet, the board of the company ORCO took advantage of the authority given to it by law and cancelled within this issue the preferential right of the existing shareholders to subscribe shares.

Chapter 9: Other share specifications

9.1 Share placing

The shares of the company ORCO which have to be accepted for the trading on the regulated market (Stock Exchange Prague, Inc.) in the Czech Republic are already placed between the public, namely on the secondary market of the stock exchange EURONEXT in Paris. In the Czech Republic, the shares will be placed between the public through the regulated market. The local listing agent is the Česká spořitelna, a.s., with the registered office at Praha 4, Olbrachtova 1929/62, PSČ: 140 00, IČ: 45244782.

9.2 Share specification and accurate description

Shares of the company ORCO are more closely described in the chapter 8.2 of this leaflet.

9.3 Description of the rights implicit in the share

In accordance with the article 7 of the statutes of the company ORCO, every share represents a dividend of the profit and assets of the company ORCO, which is proportionate to the share of the basic capital represented by the shares, and further authorizes its holder to vote in the general meetings on terms laid down in the statutes of the company ORCO and by law. The responsibility of the shareholders corresponds to the share value they own regardless of whether the bearer shares or nominative shares are concerned. The rights and obligations related to the share remain unchanged regardless of the change of its shareholder.

Further, in accordance with the article 7 of the statutes of the company ORCO, the shareholding entitles the holder to accede to the statutes of the company ORCO and to take part in decision-making of the general meeting. Inheritors, creditors, legal successors or other representatives of the shareholder can not demand the sealing of the property and securities of the company ORCO, their division, sale or auction and further they can not intervene in the management of the company in no way. They can appeal to the inventory of the property of the company ORCO and respect the decisions of the general meeting.

The shareholders of the company ORCO exert the rights implicit in the shares of the company ORCO which they are owners of on the general meeting of the company ORCO, and this in accordance with the article 19 and next of the statutes of the company ORCO. According to the article 19 of the statutes of the company ORCO, every shareholder is entitled to vote in accordance with the rules laid down in the statutes of the company ORCO, and this either personally or through his authorized representative, whereas his number of votes corresponds with the number of shares he owns. In accordance with the article 20 of the statutes of the company ORCO, the annual general meeting occurs in the company headquarters or in any other place which has to be stated in the invitation, and this always the last Thursday of the month April at 14:00 o'clock. Is this day in the Luxembourg Grand Duchy no working day, the regular general meeting occurs on the next working day.

The right to call the general meeting lies with the board of the company ORCO and auditors. If the shareholders representing one fifth of the basic capital require this decision in the written form, they are obliged to call it along with the programme specifications so that it would occur during one month. The invitations involve the programme, are published as an announcement published at least twice with the interval of eight calendar days and

subsequently still eight calendar days before the general meeting in the Luxembourg bulletin “Mémorial” and in the Luxembourg newspapers. Eight calendar days before the general meeting in accordance with the article 20 of the statutes of the company ORCO, registered letters are sent to the holders of the nominative shares involving the invitation to the general meeting.

The company ORCO further hands over the information on the general meetings directly to the bank Natexis Banques Populaires as well, which is charged with the service connected with the securities and with the financial service. As soon as possible after their receipt, this bank has to communicate this information to the authorized financial mediators who are members of the association EUROCLEAR and who require so. So that the shareholders owning their shares in EUROCLEAR could exert their voting right, they have to issue the voting instructions with a warrant to their authorized financial mediator who will transmit them to the bank Natexis Banques Populaires, as well as to the institution authorized with the service connected with the securities and with the financial service, which may be authorized by the plenipotentiary and has to prove his authorization by means of the immobilization certificate which is issued by the authorized financial mediator who is the holder of the shareholder’s account. The shareholders owning the shares in EUROCLEAR who would like to take part in the general meeting have to announce this intention to the board at least five working days before this general meeting so that they could be directly registered in the attendance list of this general meeting. The shareholders, among others, have to prove their authorization by the immobilization certificate, in order to be able to take part and vote in the general meetings.

After the authorization of the final accounts, the general meeting, in accordance with the article 22 of the statutes of the company ORCO, expresses by a special vote its opinion on the release of the board members out of their offices. In accordance with the article 23 of the statutes of the company ORCO, the statutes of the company ORCO can be changed only by an extraordinary general meeting.

The general meeting of the company ORCO decides on the shareholder’s dividend in the profit; the procedure is laid down in the chapter 9.4 of this leaflet. Should the company ORCO be liquidated, the liquidators, in accordance with the arrangements of the article 27 of the statutes of the company ORCO, divide amounts or other divisible values between the shareholders equally after the repayment or deposition of the amounts necessary to settle the outstanding debts.

9.4 Inception date of the dividend right

The general meeting decides on the inception date of the dividend right. Every year at least one twentieth from the clear profit of the company ORCO is deducted which is specified for the creation of the reserve fund; this deduction ceases to be obligatory as soon as the reserve fund achieves one tenth of the basic capital, but is renewed as soon as this tenth is affected. The general meeting decides on the allocation and division of the clear profit.

The board is entitled to pay the dividend advances as far as these conditions are fulfilled:

- the financial statement must be prepared, pursuant to which it is evident that the means available to be divided are sufficient;
- the amount to be paid out must not exceed the amount of the results achieved since the end of the last accounting period, the final accounts of which were verified, increased by the transferred profit and deductions into the reserve funds which are available for this purpose

and reduced by the transferred losses and amounts deducted into the reserve funds in accordance with the legal or statutory obligation;

- the decision of the board to pay out the advance can be adopted at most two months since the date on which the above stated financial statement has been drawn;
- the payment can be decided on at least six months after the closure of the previous accounting period and only after the authorization of the final accounts related to this period;
- as soon as the first advance is paid out, the decision on the other payment may be adopted at least three months after the decision on the payment of the first advance;
- in their report for the board, the auditors of the company will prove whether the above conditions have been fulfilled.

In case the advances exceed the dividend amount laid down later by the general meeting, they are, in accordance with the articles 24 and 25 of the statutes of the company ORCO, regarded as the advance for the next dividend.

9.5 Shares placed between the public

As stated in the chapter 9.6 of this leaflet, all shares of the company ORCO are accepted for trading on the stock exchange. The company ORCO HOLDING S.A. owns 991 967 share items which relate to 4 067 064,70 EUR of the basic capital of the company ORCO. Between the public of the Czech Republic 3 630 857 shares of the company ORCO will also be placed which relate to 14 886 513,70 EUR of the basic capital of the company ORCO.

The number of the shares of the company ORCO in this issue may be increased in consequence of the bond exchange, execution of the rights for the check BSA exchange or on the ground of the execution of the share options, and this up to the maximum of 6 660 575 shares. The maximum number of shares which can arise in this way is laid down in the next table:

Reason of the share emergence	Maximum number
Bond exchange	1,001,563
Check BSA exchange	1,012,188
Use of the share options	24,000

9.6 Share number

All 4 622 824 shares of the company ORCO without the nominal value will be accepted for trading on the regulated market on the stock exchange.

Further, the shares which emerge in consequence of the bond exchange, execution of the rights for the check BSA exchange or on the ground of the execution of the share options will be continuously accepted for trading on the regulated market (on the secondary market of the stock exchange EURONEXT as well as for trading on the Stock Exchange Prague, Inc.) too.

9.7 Date of the acceptance for trading

The shares of the company ORCO will be accepted for trading of the regulated market on February 1st, 2005. If new shares of the company ORCO emerge in consequence of the bond exchange, execution of the rights for the check BSA exchange or on the ground of the

execution of the share options, they will be continuously accepted for trading on both regulated markets stated in the chapter 9.6 of this leaflet.

9.8 Offers of taking-over of the issuer

Up to this day, the company ORCO has submitted no taking-over offer to any third person and no taking-over offer has been received from any third person.

9.9 Other shares of the issuer

The company ORCO has no other shares which should be subscribed or placed in public or in private simultaneously with the acceptance of the shares for trading on the regulated market.

9.10 Evolution of the share rate

Evolution of the share rate of the company ORCO on the secondary market of the stock exchange EURONEXT in Paris during the last three years is stated in the next table:

Date	Average rate	Date	Average rate	Date	Average rate
4.12.2001	20,75	16.12.2002	19,2	15.12.2003	20
17.12.2001	20,7	17.12.2002	19,35	16.12.2003	19,7
18.12.2001	20,4	18.12.2002	19,35	17.12.2003	19,65
19.12.2001	21,1	19.12.2002	19,34	18.12.2003	19,5
20.12.2001	20,5	20.12.2002	19,1	19.12.2003	19,49
21.12.2001	21	23.12.2002	19,1	22.12.2003	19,49
24.12.2001	20,85	24.12.2002	19,1	23.12.2003	19,32
25.12.2001	20,85	25.12.2002	19,1	24.12.2003	19
26.12.2001	20,85	26.12.2002	19,1	25.12.2003	19
27.12.2001	20,5	27.12.2002	19,4	26.12.2003	19
28.12.2001	20,5	30.12.2002	19,6	29.12.2003	19,4
31.12.2001	20,5	31.12.2002	19,6	30.12.2003	19,5
01.01.2002	20,5	01.01.2003	19,6	31.12.2003	19,8
02.01.2002	20,7	02.01.2003	19,95	01.01.2004	19,8
03.01.2002	20,65	03.01.2003	19,69	02.01.2004	20,15
04.01.2002	20,5	06.01.2003	19,49	05.01.2004	20
07.01.2002	20,8	07.01.2003	19,49	06.01.2004	20,15
08.01.2002	20,4	08.01.2003	19,49	07.01.2004	20,1
09.01.2002	20,5	09.01.2003	19,5	08.01.2004	20,14
10.01.2002	20,4	10.01.2003	19,45	09.01.2004	20,04
11.01.2002	20,38	13.01.2003	19,45	12.01.2004	20,15
14.01.2002	20,3	14.01.2003	19,5	13.01.2004	20,15
15.01.2002	20,12	15.01.2003	19,45	14.01.2004	20

16.01.2002	19,9	16.01.2003	19,45	15.01.2004	20,15
17.01.2002	20,2	17.01.2003	19,4	16.01.2004	20
18.01.2002	20,6	20.01.2003	19,2	19.01.2004	19,8
21.01.2002	20	21.01.2003	19,4	20.01.2004	19,3
22.01.2002	20,4	22.01.2003	19,1	21.01.2004	19,26
23.01.2002	20,7	23.01.2003	18,9	22.01.2004	19,75
24.01.2002	20,8	24.01.2003	18,3	23.01.2004	20
25.01.2002	20,75	27.01.2003	17,5	26.01.2004	20
28.01.2002	20,8	28.01.2003	17,49	27.01.2004	20,3
29.01.2002	20,7	29.01.2003	17,7	28.01.2004	20,3
30.01.2002	20,49	30.01.2003	17,8	29.01.2004	20,3
31.01.2002	20,49	31.01.2003	17,8	30.01.2004	20,6
01.02.2002	20,45	03.02.2003	18,09	02.02.2004	20,5
04.02.2002	20,27	04.02.2003	17,8	03.02.2004	20,55
05.02.2002	20,3	05.02.2003	17,9	04.02.2004	20,9
06.02.2002	20,3	06.02.2003	18	05.02.2004	20,95
07.02.2002	20,2	07.02.2003	18	06.02.2004	20,95
08.02.2002	20,3	10.02.2003	17,9	09.02.2004	21,1
11.02.2002	20,3	11.02.2003	18	10.02.2004	22
12.02.2002	20,3	12.02.2003	17,8	11.02.2004	22,97
13.02.2002	20,3	13.02.2003	17,3	12.02.2004	22,8
14.02.2002	20,1	14.02.2003	17,7	13.02.2004	21,7
15.02.2002	20,2	17.02.2003	17,84	16.02.2004	21,7
18.02.2002	20,2	18.02.2003	18,5	17.02.2004	21,4
19.02.2002	20,1	19.02.2003	18,85	18.02.2004	21,23
20.02.2002	20,2	20.02.2003	18,74	19.02.2004	21,2
21.02.2002	20,1	21.02.2003	18,64	20.02.2004	21,5
22.02.2002	20	24.02.2003	18,4	23.02.2004	21,4
25.02.2002	20	25.02.2003	17,95	24.02.2004	21,47
26.02.2002	20	26.02.2003	18,2	25.02.2004	21,49
27.02.2002	20,1	27.02.2003	17,75	26.02.2004	21,5
28.02.2002	20,1	28.02.2003	17,97	27.02.2004	21,6
01.03.2002	20	03.03.2003	18,5	01.03.2004	21,75
04.03.2002	20	04.03.2003	18,3	02.03.2004	21,8
05.03.2002	20	05.03.2003	18,1	03.03.2004	22
06.03.2002	20,19	06.03.2003	17,6	04.03.2004	21,92
07.03.2002	20,2	07.03.2003	19,35	05.03.2004	23,16
08.03.2002	20,19	10.03.2003	19,25	08.03.2004	24,33
11.03.2002	20,1	11.03.2003	18,45	09.03.2004	23,69
12.03.2002	20,05	12.03.2003	18,45	10.03.2004	23
13.03.2002	20	13.03.2003	18,6	11.03.2004	23,3
14.03.2002	20	14.03.2003	18,7	12.03.2004	23

15.03.2002	20,1	17.03.2003	19,1	15.03.2004	22,95
18.03.2002	20	18.03.2003	19,04	16.03.2004	22,9
19.03.2002	20	19.03.2003	19	17.03.2004	23,45
20.03.2002	20	20.03.2003	19	18.03.2004	22,65
21.03.2002	20	21.03.2003	19,08	19.03.2004	23,03
22.03.2002	19,7	24.03.2003	18,8	22.03.2004	22,24
25.03.2002	19,99	25.03.2003	18,95	23.03.2004	23
26.03.2002	20,04	26.03.2003	18,8	24.03.2004	22,98
27.03.2002	20,05	27.03.2003	18,5	25.03.2004	23,15
28.03.2002	20,05	28.03.2003	18,64	26.03.2004	22,8
29.03.2002	20,05	31.03.2003	18,65	29.03.2004	23,05
01.04.2002	20,05	01.04.2003	18,65	30.03.2004	23,45
02.04.2002	20	02.04.2003	18,8	31.03.2004	24,15
03.04.2002	19,95	03.04.2003	18,75	01.04.2004	24,48
04.04.2002	20	04.04.2003	18,35	02.04.2004	24,4
05.04.2002	20	07.04.2003	18,6	05.04.2004	24,48
08.04.2002	20,03	08.04.2003	18,4	06.04.2004	24,59
09.04.2002	20	09.04.2003	18,4	07.04.2004	24,7
10.04.2002	20,2	10.04.2003	18,4	08.04.2004	24,65
11.04.2002	20,5	11.04.2003	18,3	09.04.2004	24,65
12.04.2002	21	14.04.2003	18,5	12.04.2004	24,65
15.04.2002	20,85	15.04.2003	18,25	13.04.2004	25
16.04.2002	20,5	16.04.2003	17,85	14.04.2004	25
17.04.2002	20,45	17.04.2003	17,8	15.04.2004	25
18.04.2002	20,48	18.04.2003	17,8	16.04.2004	24,8
19.04.2002	20,5	21.04.2003	17,8	19.04.2004	24,9
22.04.2002	20,5	22.04.2003	17,8	20.04.2004	25
23.04.2002	20,5	23.04.2003	18,07	21.04.2004	24,6
24.04.2002	20,47	24.04.2003	18,1	22.04.2004	24,3
25.04.2002	20,4	25.04.2003	17,7	23.04.2004	24,6
26.04.2002	20,4	28.04.2003	18,07	26.04.2004	24,6
29.04.2002	20,39	29.04.2003	18,05	27.04.2004	24,98
30.04.2002	20,35	30.04.2003	18,15	28.04.2004	24,98
01.05.2002	20,35	01.05.2003	18,15	29.04.2004	24,97
02.05.2002	20,3	02.05.2003	18,07	30.04.2004	24,97
03.05.2002	20,3	05.05.2003	18,07	03.05.2004	24,98
06.05.2002	20,15	06.05.2003	18,01	04.05.2004	25
07.05.2002	20	07.05.2003	18,01	05.05.2004	25
08.05.2002	20,1	08.05.2003	18	06.05.2004	25
09.05.2002	20,05	09.05.2003	18	07.05.2004	24,6
10.05.2002	20,25	12.05.2003	18	10.05.2004	24
13.05.2002	20,3	13.05.2003	18	11.05.2004	24,2

14.05.2002	20,2	14.05.2003	17,8	12.05.2004	24,4
15.05.2002	20,25	15.05.2003	17,8	13.05.2004	22,9
16.05.2002	20,15	16.05.2003	17,5	14.05.2004	22,5
17.05.2002	20	19.05.2003	17,75	17.05.2004	21,8
20.05.2002	20,15	20.05.2003	17,6	18.05.2004	22
21.05.2002	20	21.05.2003	17,99	19.05.2004	22,45
22.05.2002	20,1	22.05.2003	17,8	20.05.2004	22,2
23.05.2002	20,05	23.05.2003	17,85	21.05.2004	22,3
24.05.2002	20	26.05.2003	17,4	24.05.2004	22,1
27.05.2002	20	27.05.2003	17,7	25.05.2004	21,2
28.05.2002	20	28.05.2003	17,75	26.05.2004	22
29.05.2002	20	29.05.2003	17,85	27.05.2004	22,2
30.05.2002	19,99	30.05.2003	17,9	28.05.2004	21,92
31.05.2002	19,99	02.06.2003	18	31.05.2004	21,41
03.06.2002	20	03.06.2003	18,3	01.06.2004	21,61
04.06.2002	19,95	04.06.2003	18,7	02.06.2004	22,28
05.06.2002	19,8	05.06.2003	18,5	03.06.2004	22,4
06.06.2002	19,5	06.06.2003	18,3	04.06.2004	22,74
07.06.2002	19,39	09.06.2003	18,3	07.06.2004	22,7
10.06.2002	19,6	10.06.2003	18,3	08.06.2004	22,8
11.06.2002	19,58	11.06.2003	18,3	09.06.2004	23,2
12.06.2002	19,5	12.06.2003	18,05	10.06.2004	23,9
13.06.2002	19,69	13.06.2003	18,3	11.06.2004	23,95
14.06.2002	19,64	16.06.2003	18	14.06.2004	24
17.06.2002	19,64	17.06.2003	18,25	15.06.2004	24
18.06.2002	19,69	18.06.2003	17,6	16.06.2004	24,15
19.06.2002	19,55	19.06.2003	17,89	17.06.2004	23,91
20.06.2002	19,5	20.06.2003	17,43	18.06.2004	23,9
21.06.2002	19,6	23.06.2003	17,5	21.06.2004	23,83
24.06.2002	19	24.06.2003	17,75	22.06.2004	24
25.06.2002	19	25.06.2003	17,5	23.06.2004	24,4
26.06.2002	19,4	26.06.2003	17,45	24.06.2004	25,45
27.06.2002	18,83	27.06.2003	17,65	25.06.2004	25,4
28.06.2002	18,75	30.06.2003	17,4	28.06.2004	25,45
01.07.2002	18,74	01.07.2003	17,45	29.06.2004	25,64
02.07.2002	17,21	02.07.2003	17,7	30.06.2004	26,4
03.07.2002	17,4	03.07.2003	17,7	01.07.2004	25,5
04.07.2002	17,5	04.07.2003	17,65	02.07.2004	25,8
05.07.2002	17,45	07.07.2003	17,6	05.07.2004	26,25
08.07.2002	17,1	08.07.2003	17,75	06.07.2004	25,79
09.07.2002	17,4	09.07.2003	17,75	07.07.2004	25,79
10.07.2002	17,2	10.07.2003	17,85	08.07.2004	25,56

11.07.2002	17	11.07.2003	17,85	09.07.2004	25,5
12.07.2002	16,95	14.07.2003	17,84	12.07.2004	25,3
15.07.2002	16,95	15.07.2003	17,85	13.07.2004	25,54
16.07.2002	16,8	16.07.2003	17,85	14.07.2004	25,75
17.07.2002	16,75	17.07.2003	17,85	15.07.2004	25,09
18.07.2002	16,55	18.07.2003	17,85	16.07.2004	25,5
19.07.2002	16,5	21.07.2003	17,6	19.07.2004	25,75
22.07.2002	16,75	22.07.2003	17,97	20.07.2004	25,5
23.07.2002	16,3	23.07.2003	17,7	21.07.2004	26
24.07.2002	16,5	24.07.2003	17,7	22.07.2004	25,9
25.07.2002	16,5	25.07.2003	17,68	23.07.2004	25,5
26.07.2002	16,5	28.07.2003	17	26.07.2004	25,7
29.07.2002	16,5	29.07.2003	17	27.07.2004	25,9
30.07.2002	16,5	30.07.2003	17,57	28.07.2004	25,95
31.07.2002	17,1	31.07.2003	17,4	29.07.2004	26,2
01.08.2002	17,2	01.08.2003	17,4	30.07.2004	26,8
02.08.2002	17,24	04.08.2003	17,4	02.08.2004	26,5
05.08.2002	17	05.08.2003	17,5	03.08.2004	26,45
06.08.2002	17,5	06.08.2003	17,5	04.08.2004	26,25
07.08.2002	18,3	07.08.2003	17,45	05.08.2004	26,15
08.08.2002	18,29	08.08.2003	17,59	06.08.2004	26,15
09.08.2002	19	11.08.2003	17,2	09.08.2004	26,1
12.08.2002	19	12.08.2003	17,59	10.08.2004	26,08
13.08.2002	19	13.08.2003	17,6	11.08.2004	26,1
14.08.2002	19	14.08.2003	17,56	12.08.2004	26,25
15.08.2002	19	15.08.2003	17,57	13.08.2004	26
16.08.2002	19	18.08.2003	17,3	16.08.2004	26
19.08.2002	19	19.08.2003	17,5	17.08.2004	25,49
20.08.2002	19	20.08.2003	17,5	18.08.2004	25
21.08.2002	19	21.08.2003	17,6	19.08.2004	25,15
22.08.2002	19	22.08.2003	17,5	20.08.2004	24,99
23.08.2002	18,75	25.08.2003	17,5	23.08.2004	24,5
26.08.2002	18,95	26.08.2003	17,5	24.08.2004	24,29
27.08.2002	18,7	27.08.2003	18	25.08.2004	24,92
28.08.2002	18,7	28.08.2003	17,35	26.08.2004	24,61
29.08.2002	18,7	29.08.2003	17,8	27.08.2004	24,61
30.08.2002	18,7	01.09.2003	18,05	30.08.2004	24,59
02.09.2002	18,98	02.09.2003	18,5	31.08.2004	26
03.09.2002	18,98	03.09.2003	18,34	01.09.2004	24,91
04.09.2002	17,89	04.09.2003	18,5	02.09.2004	24,7
05.09.2002	18,48	05.09.2003	18,55	03.09.2004	24,4
06.09.2002	18,9	08.09.2003	18,5	06.09.2004	23,78

09.09.2002	18,9	09.09.2003	18,21	07.09.2004	23,97
10.09.2002	18,85	10.09.2003	18,15	08.09.2004	24,18
11.09.2002	18,85	11.09.2003	18,04	09.09.2004	24,35
12.09.2002	18,01	12.09.2003	18	10.09.2004	24,6
13.09.2002	18,3	15.09.2003	18,1	13.09.2004	24,5
16.09.2002	18,5	16.09.2003	18,1	14.09.2004	24,39
17.09.2002	18,45	17.09.2003	18,1	15.09.2004	24,07
18.09.2002	18,55	18.09.2003	18,4	16.09.2004	24,99
19.09.2002	18,2	19.09.2003	18,2	17.09.2004	24,6
20.09.2002	18,29	22.09.2003	18,4	20.09.2004	24,79
23.09.2002	18	23.09.2003	18,29	21.09.2004	24,89
24.09.2002	17,75	24.09.2003	18,29	22.09.2004	24,6
25.09.2002	18,7	25.09.2003	18,4	23.09.2004	25,2
26.09.2002	18,8	26.09.2003	18,4	24.09.2004	25,2
27.09.2002	18,97	29.09.2003	18,1	27.09.2004	25,35
30.09.2002	18,7	30.09.2003	18,25	28.09.2004	26
01.10.2002	18,7	01.10.2003	18,1	29.09.2004	27
02.10.2002	18,18	02.10.2003	18,09	30.09.2004	27
03.10.2002	17,9	03.10.2003	18,25	01.10.2004	27,8
04.10.2002	17,1	06.10.2003	17,95	04.10.2004	27,5
07.10.2002	17,49	07.10.2003	18	05.10.2004	27,65
08.10.2002	17,49	08.10.2003	18	06.10.2004	27,5
09.10.2002	17	09.10.2003	17,9	07.10.2004	27,49
10.10.2002	17	10.10.2003	18	08.10.2004	27,3
11.10.2002	17	13.10.2003	17,99	11.10.2004	27,38
14.10.2002	16,99	14.10.2003	18,2	12.10.2004	27,4
15.10.2002	16,2	15.10.2003	18,2	13.10.2004	27,5
16.10.2002	16,9	16.10.2003	18,1	14.10.2004	28
17.10.2002	16,9	17.10.2003	17,9	15.10.2004	28,5
18.10.2002	16,94	20.10.2003	18,1	18.10.2004	28,45
21.10.2002	16,65	21.10.2003	18,1	19.10.2004	28,9
22.10.2002	16,94	22.10.2003	18	20.10.2004	29
23.10.2002	17,4	23.10.2003	18	21.10.2004	29,35
24.10.2002	18	24.10.2003	18	22.10.2004	29,75
25.10.2002	18	27.10.2003	18	25.10.2004	29,65
28.10.2002	18	28.10.2003	18	26.10.2004	29,8
29.10.2002	17,8	29.10.2003	18	27.10.2004	29,88
30.10.2002	17,8	30.10.2003	17,85	28.10.2004	29,55
31.10.2002	17,75	31.10.2003	18	29.10.2004	29,51
01.11.2002	17,75	03.11.2003	18,5	01.11.2004	29,5
04.11.2002	17,9	04.11.2003	18,4	02.11.2004	29,9
05.11.2002	18	05.11.2003	18,2	03.11.2004	30,39

06.11.2002	17,9	06.11.2003	18,55	04.11.2004	30,01
07.11.2002	17,5	07.11.2003	18,54	05.11.2004	30
08.11.2002	17,8	10.11.2003	19,2	08.11.2004	30,45
11.11.2002	17,8	11.11.2003	19,2	09.11.2004	30,11
12.11.2002	17,8	12.11.2003	19	10.11.2004	30,25
13.11.2002	17,8	13.11.2003	19	11.11.2004	30,2
14.11.2002	18	14.11.2003	19,2	12.11.2004	30,3
15.11.2002	18	17.11.2003	18,65	15.11.2004	30,3
18.11.2002	18	18.11.2003	18,6	16.11.2004	30,25
19.11.2002	18,1	19.11.2003	18,6	17.11.2004	30,25
20.11.2002	18	20.11.2003	18,6	18.11.2004	30
21.11.2002	18,3	21.11.2003	18,7	19.11.2004	30
22.11.2002	18,3	24.11.2003	18,8	22.11.2004	29,76
25.11.2002	18	25.11.2003	19,5	23.11.2004	30,2
26.11.2002	18,3	26.11.2003	19,7	24.11.2004	30,4
27.11.2002	18,43	27.11.2003	19,6	25.11.2004	30
28.11.2002	18,3	28.11.2003	19,6	26.11.2004	29,6
29.11.2002	18,35	01.12.2003	20	29.11.2004	29,65
02.12.2002	18,95	02.12.2003	20,2	30.11.2004	29,65
03.12.2002	18,93	03.12.2003	20,6	01.12.2004	29,85
04.12.2002	18,7	04.12.2003	20,5	02.12.2004	29,82
05.12.2002	18,7	05.12.2003	20,45	03.12.2004	30
06.12.2002	19,55	08.12.2003	20,43	06.12.2004	30,14
09.12.2002	19,7	09.12.2003	20,4	07.12.2004	30,15
10.12.2002	19,48	10.12.2003	20,38	08.12.2004	30,1
11.12.2002	19,5	11.12.2003	20,05	09.12.2004	30,05
12.12.2002	19,39	12.12.2003	20	10.12.2004	30,05
13.12.2002	19,25			13.12.2004	30,2
				14.12.2004	30,88
				15.12.2004	30,9

Chapter 10: Other information on bonds

10.1 Specification of bonds

Issue of bonds of company ORCO on „17. 9.2004 – 31. 12. 2011“ includes 1 001 563 liquid bonds. These bonds have nominal value of 32,40 EUR each. Issued on a par they present maximum nominal amount of 32 450 641,20 EUR. The single nominal value of the bonds is 32,40 EUR and presents a share premium of 35 % compared with referential share prices of company ORCO amounting to 24 EUR used for fixation of definite conditions of bond issue on May 10, 2004.

Investment broker for the bonds is company AEK Amsterdams Effectenkantoor, with the registered office at Herengracht 208-214, Amsterdam 1016 BS, Netherlands. Local quotation broker for the Czech republic is Česká spořitelna, a.s.

When issuing the bonds, the company ORCO partially utilized authority given to her by article 2.1.2.1 paragraph 2 of bond issue conditions and increased the original issue volume counting 925 926 bonds to 1 001 563 bonds. This prospectus has been produced for the purpose of accepting these 1 001 563 bonds for the dealing on the Prague Stock Exchange (Burza cenných papírů Praha, a.s.). The yield of the bond issue is used for covering the general financing requirements of the company ORCO, particularly for financing her external growth via acquisition of real estates directed at strengthening of activities connected with real estate lands.

10.2 Interest rate

The ORCO bonds yield the nominal interest rate of 5,5 % p.a. and the interest is payable each year till December 31, for the first time till December 31, 2004. In case of payment on the bonds due date via back premium (i.e. via the difference between the paid amount and the nominal value of the bond on the issue day), the rate of the yield of interest is quoted at 6,8 %.

The first short-term coupon (i.e. for a period less than one year) is amounting to 0,49 EUR per one bond, the following annual coupons will be amounting to 1,78 EUR per one bond, all of them with due date on December 31 of the respective year. Details about interest calculation and interest payment are mentioned in chapters 10.7 and 10.9 of this prospectus.

10.3 Other advantages

At any moment from the date of bond payment till December 15, 2011 the bondholders will have (under the conditions below) the possibility of acquiring new stock of company ORCO (also “title to stock”), which will be released or issued via the payment of their bonds claim.

The new stock will be of the same type as the existing stock. Following the shareholder’s choice, the stock will drawn on name or holder. The new stock of company ORCO coming from conversion will be accepted for dealing on secondary market of the stock exchange EURONEXT in Paris and on the Prague Stock Exchange (Burza cenných papírů Praha, a.s.) gradually in dependence on their issue, which will take place only after company ORCO issues a certificate stating the increase of the original capital.

If the original capital of company ORCO is increased, or in case of a merger or split-up of the company or in case of other financial operations implying the priority right of stock subscription or the fixation of exclusive priority period of stock subscription for the benefit of stockholders of company ORCO, the company ORCO reserves the right to suspend the exercise of claim to stock allocation during the period which shall not exceed three months or any other period fixed by valid luxembourgish legal regulations. This possibility must never imply a loss of claim to stock allocation and to the period fixed hereunder for the bondholders who have the claim for yield payment.

The decision of the company ORCO on the suspension of the exercise of the claim to stock allocation will be the object of announcement released in bulletins „Memorial“ and „Bulletin des Annonces legales obligatoires“ in the Duchy of Luxembourg. This announcement will be released at least 15 days prior the date when the suspension comes into effect; it will include the suspension start date and end date. This information will be announced in some financial dailies with nationwide distribution in Luxembourg and France and in the stock exchange EURONEXT and the Prague Stock Exchange (Burza cenných papírů Praha, a.s.).

The exchange rate of bonds versus stock of company ORCO is fixed as a ratio of one share of ORCO company for one bond (further on as “ratio for stock allocation”). For the bonds payable at maturity date or prematurely, the claim to stock allocation will be invalidated on December 15, 2011. All stockholders who do not utilize their claim to stock allocation till this date, will obtain the amount equal to the value of payment fixed in the conditions below in dependence on particular case.

For raising the claim to stock allocation it is necessary for the stockholders to apply for the allocation in written to the intermediary agent who registers the respective documents. The collection of these operations will be provided by the bank Natexis Banques Populaires, identification data included in chapter 8.6 of this prospectus.

Individual applications for the claim to stock allocation received by the bank Natexis Banques Populaires as a collector of the applications during a calendar month (further on as „claim period“) will come into effect either (i) on the last working day of the respective calendar month, or (ii) on the seventh working day preceding the date fixed for bond payment, in dependence on which of the facts takes place first (further on as “claim date”).

The stockholders will obtain their stock on the thirteenth day after the calendar month during which they applied for transfer. In this date is respected also the fact that the original capital increase must be registered at a notary public, and also a period necessary for the documents

creation. In case of utilizing the claim to stock allocation, the bondholders will not be paid any interest relating to the period between the last date of interest payment before the date of claim and the date of stock transfer.

The rights and obligations connected to new stock issued due to the exchange of bond for stock of company ORCO will be subject to all clauses of regulations and will come into effect on the first day of the accounting period of the ORCO company, into which comes the day of claim. For the respective accounting period and the following period, the stock will imply the claim to identical dividend as the dividend related to the same nominal value of other stock with the same payback period. Thus the new stock will be fully assimilated with the existing stock since the moment of dividend payment related to preceding period or since the moment of the annual general meeting, where the results of a respective accounting period are discussed.

The bonds exchanged in this way for the stock of company ORCO will be invalidated, or will cease to exist, and their holders will stop being authorized to exercise the rights at the day when the general management of company ORCO decides on the increase of general capital of the company. Although the new stock formed by applying the bonds originated at the day of the general management decision, the holders of the new stock may exercise their stock rights after the stock is put down to property account on the thirtieth day after the end of the calendar month during which they applied for transfer.

10.4 Bond payment, method of yield payment and settlement of yield dealing

The total term of bond payment counted since the date of settlement, which is September 22, 2004, is 2 655 days and the final term of payment is thus fixed on December 31, 2011.

Following the decision of company ORCO, it is possible (i) anytime buy back via stock exchange, beyond stock exchange or via tender offers or (ii) starting the first day of the 19th month after the date of settlement and then until the term of payment, and thus execute a total premature bond payment under the following conditions:

- the share prices of company ORCO must be equal or higher than 125% of nominal value of the bonds, thus at least 40,50 EUR,
- company ORCO will make an announcement to bondholders with a 30-days advance, and they may exchange their bonds for stock of company ORCO during this and
- the bondholders, who do not exchange their bonds in the given period, will gain a complementary interest, which will secure them a back yield of interest on annual basis amounting to 8 % for the whole time of their investment duration.

Information about the number of thus repurchased bonds and about the number of bonds in circulation will be for the purpose of publication given on to stock exchange EURONEXT and Stock exchange and it is possible to get such information at the company ORCO. Information published each year in Official journal (Journal Officiel) of the Grand-Duchy of Luxembourg one month before payment date will contain also the number of documents repurchased according to previous regulations, the number of documents to be paid out and a report on repurchase in process.

Company ORCO will inform the stock exchange EURONEXT and the the Prague Stock Exchange about the change of the number of bonds immediately after exercising claims to

their exchange for stock. The company ORCO will proceed similarly in case of exercise of rights to exchange BSA coupons and for reasons of exercise of stock options.

For the decision of company ORCO to proceed to partial premature payment of the bonds (it means that only bonds of previously fixed volume will be prematurely paid out), which is not (comparing to total premature payment) in contradiction to payment within common exchange of bonds for stock, there is a condition to announce it in the Official journal of the the Grand-Duchy of Luxembourg, to make a financial announcement published in some French dailies with nationwide distribution, announcement to the stock exchange EURONEXT, the Prague Stock Exchange and announcement published in the newspaper „Mémorial“ and in some other Luxembourg daily, at least two months before the payment day. This announcement will contain all necessary data and fixed date of payment will be announced to bondholders.

The bonds exchanged for stock, paid out in due term of payment or prematurely and bonds repurchased by company ORCO on stock exchange or beyond stock exchange or via public offers, will cease to be considered as documents in circulation.

Interests from the bonds will be paid out to the bondholders by company ORCO to their bank account. The method of settlement of stock dealing mentioned in chapter 8.6 of this prospectus will be similarly applied also for the settlement of the bond dealing.

10.5 Currency

ORCO's bonds are denominated in EUR, the currency may not be changed. Bond transaction settlement is possible in the Czech crowns as described in the Chapter 8.6 hereof.

Currently, all bonds are exchange traded in percentage of the bond par value. A calculated amount of aliquot interest income is added to the trade volume that is stated in the trading currency.

In case that the trading currency is changed (for example from EUR) to a different settlement currency (for example to CZK), the traded volume is recalculated including the aliquot interest income (from EUR to CZK). The value that recalculates the traded volume (from EUR to CZK) will be set up in the exchange business system according to the official exchange rate published by ČNB on the internet page <http://www.cnb.cz/> at 2:30 PM. The acquired value will be used for the recalculation (from EUR to CZK) for the next trading day.

10.6 Maturity

Final (total) maturity period is as of 31/12/2011, early repayment is described in details in the chapter 10.4 hereof.

10.7 Beginning of Interest

Bonds bear interest from 22/09/2004 and the interests are payable always on 31st December of the relevant year, on 31/12/2004 for the first time. The interest payment date and the amount for payment (for the period ending 31st December of the relevant year) are determined as follows:

- as of 31/12/2004 the amount of 0.49 EUR,
- as of 31/12/2005 the amount of 1.78 EUR,
- as of 31/12/2006 the amount of 1.78 EUR,
- as of 31/12/2007 the amount of 1.78 EUR,
- as of 31/12/2008 the amount of 1.79 EUR,
- as of 31/12/2009 the amount of 1.78 EUR,
- as of 31/12/2010 the amount of 1.78 EUR, and
- as of 31/12/2011 the amount of 1.78 EUR

per one bond.

10.8 Development of Bond Rate

Daily development of the bond rate on the secondary market of EURONEXT exchange in Paris from the first day of their trading on 22/09/2004 is shown in the following table:

Date	opening	highest	lowest	closing	volume
22/09/04	-	32.434	32.4	33.5	18 659
23/09/04	33.5	33.6	33.11	33.11	357
24/09/04	33.2	33.4	33.2	33.46	30
27/09/04	33.4	33.4	33	33	510
28/09/04	33.01	33.35	33	33.35	3 508
29/09/04	33.35	33.7	33	33.7	4 151
30/09/04	33.7	33.7	33.4	33.4	1 750
01/10/04	33.4	33.75	33.4	33.75	6,721
04/10/04	33.74	33.74	33.33	3.3	692
05/10/04	33.3	33.6	33.3	33.5	7 634
06/10/04	33.5	33.9	33.3	33.9	13 241
07/10/04	33.9	33.95	33.9	33.95	6 291
08/10/04	33.94	34.4	33.9	34.4	3 389
11/10/04	34.41	34.5	34.05	34.05	3 954
12/10/04	34.05	34.4	34.05	34.4	108
13/10/04	34.39	34.5	34.3	34.39	9 533
14/10/04	34.4	34.4	34.35	34.4	1 000
15/10/04	34.4	34.4	34.4	34.4	5 494
18/10/04	34.4	35.5	34.4	35.5	7 415
19/10/04	35.49	35.49	35.45	35.45	381
20/10/04	35.43	35.43	35.2	35.2	390
21/10/04	35.2	36	35.2	36	22 712
22/10/04	36.01	36.15	35.7	36	11 897
25/10/04	35.99	36	35.99	36	2 201
26/10/04	35.99	36	35.75	36	501
27/10/04	35.99	36	35.9	36	3 787
28/10/04	35.85	36.2	35.85	36.2	10 666
29/10/04	36.19	36.19	36	36	20 826
01/11/04	36.3	36.3	35.55	35.55	2 570
02/11/04	35.55	36.4	35.55	36.4	2 721
03/11/04	36.39	36.4	35.92	36.4	21 220

Date	opening	highest	lowest	closing	volume
04/11/04	36.4	36.4	36.4	36.4	1
05/11/04	36.4	36.4	36	36	2,701
08/11/04	36	36.7	36	36.6	6 901
09/11/04	36.6	36.79	36.6	36.79	300
10/11/04	36.59	36.59	36.3	36.3	4 201
11/11/04	36.3	36.6	36.3	36.6	601
12/11/04	36.59	36.59	36.1	36.1	451
15/11/04	36.1	36.5	36.02	36.5	1 151
16/11/04	36.49	36.49	36	36	3 981
17/11/04	36.01	36.15	36	36.15	1 256
18/11/04	36.14	36.14	36	36	41
19/11/04	36.15	36.15	35.8	35.8	467
22/11/04	35.8	35.9	35.8	35.85	337
23/11/04	35.85	35.85	35.85	35.85	1
24/11/04	35.85	36.3	35.75	36.31	2,421
25/11/04	36.1	36.1	36.02	36.02	649
26/11/04	36.02	36.02	36.02	36.02	1
29/11/04	36.02	36.02	35.81	35.85	581
30/11/04	35.85	35.94	35.85	35.94	501
01/12/04	35.94	36.13	5.94	36.1	871
02/12/04	36.09	36.1	36.09	36.1	171
03/12/04	36.09	36.09	36	36	9 201
06/12/04	36	36.3	36	36.3	1 001
07/12/04	36.4	36.4	36.3	36.3	1 200
08/12/04	36.31	36.31	36.31	36.31	1
09/12/04	36.41	36.5	36.2	36.3	4 828
10/12/04	36.3	36.3	36.3	36.3	1 173
13/12/04	36.31	36.5	36.31	36.5	3 101
14/12/04	36.5	37.1	36.4	36.9	6 858
15/12/04	36.91	37	36.91	37	301
16/12/04	36.99	38.3	36.99	38.24	1 257

10.9 Application of the Right to be Paid Proceeds

Interest accrued will stop to be entered at each bond as of the date determined for a proper or preliminary payment except for the case if the security on the bond were refused to be paid or unlawfully retained. In such case the interest would accrue onwards (before as well as after a possible judicial decision) in accordance with the interest rate applicable for the respective bond as to the date of the payment, up to one of the following days (including) which shall arise first: (i) the date as to which all the outstanding amounts with respect to the given bond were received by owner of the bond or credited to the owner, or (ii) the day when the EUROCLEAR obtains all the outstanding amounts concerning all the bonds, or these outstanding amounts are credited to the EUROCLEAR.

The company ORCO shall determine an amount of the interest payable upon individual bonds for the respective interest period. Such amount of the interest shall be calculated by using the interest rate applicable for the respective interest period and by the multiplication of the proceeds with an exact number of the days in the respective interest period, divided by the number 365, rounding off the result to the closest hundredth of EUR, while “half” should be rounded off upwards.

The amount of the interest payable from individual bonds for an incomplete interest period shall always be determined by the multiplication of the interest amount concerning the respective interest period with an exact number of the days past in the respective interest period and its division by an exact number of the days of the respective interest period, rounding off the result to the closest hundredth of EUR, while “half” should be rounded off upwards.

If the date of the payment is to fall on the day which is not a working day, then such payment shall be postponed until the following working day, except for the case if such payment was to fall into the next calendar month; in such case the payment shall be put on the nearest preceding working day. For the purpose of the application of this provision, a working day shall be understood as each day when the European System of Automated Express Transfer of Gross Payments in Real Time (TARGET) or the system of its succession is in operation.

The company ORCO shall secure that it announces individual interest amounts, which it determines, as well as respective terms of the payments of such interest, to the financial agent, the EURONEXT Stock Exchange, and the Prague Stock Exchange, a.s., as soon as possible after such determination, but in no case later than on the first day of the respective interest period. In case an interest period is either shortened or extended, the company ORCO shall be entitled to carry out a re-calculation of any respective interest amount (based on the previous provisions) without prior notice. All such notices, warnings, determinations, certificates, calculations, quotations, and decisions issued, expressed, made or received by the company ORCO for the purpose of this paragraph (unless an apparent mistake occurs) shall be binding for the company ORCO, as well as for the financial agent and the owner of the bonds, and (with reservation to the previous) the company ORCO shall not bear any liability in relation to these legal or natural person that would be related to the application or non-application of its rights, duties, or possibilities for the respective purposes.

Interests on the bonds shall be paid to bond owners by the company ORCO to their bank accounts.

Entitlements to undisbursed bonds shall be statute-barred after the expiration of thirty years as of the date of the disbursement.

10.10 Guarantee

No third person guaranteed the payment of the bonds or disbursement of the interest accrued of the bonds.

10.11 Joint Representative

In compliance with Section 79 and the following ones of the Luxembourg Act on Business Companies owners of the bonds are members of an association that has a legal personality. If the need be, the authorized representative of the association is entitled to perform all administrative acts resulting in the protection of joint interests of the bond owners without limitation and exclusively.

Mr Bruno Fritsch is the first representative of the association of the bond owners, with the registered office at 8, boulevard Emmanuel Servais, L-2535 Luxembourg, Luxembourg Grand Duchy. He shall hold its office until he resigns, is withdrawn by the bond owners' meeting, or until the moment when a clash of interests occurs. His mandate shall be fully revoked as to the day of the last exchange or execution of the complete payment of the bonds, either proper or preliminary. If the need be, this period may be legally extended until a definitive conclusion of the processes in the framework of which the representative were liable for the realisation of decisions or respective transactions.

Remuneration for the representative of the association shall be reimbursed in compliance with Section 91 of the Luxembourg Act on Business Companies by the company ORCO and shall be payable as to 31 December of each year of 2004 up to 2011 including if the bonds in circulation still exist as to this date and if the association representative of the bond owners is appointed. The company ORCO accepts the costs of remuneration of the association representative, the costs of summoning and holding of meetings of the bond owners, publishing of their decisions, as well as the costs related to possible appointment of the association representative, all administrative and operational costs of the association of the bond owners, as well as the costs of the meetings of the association.

In case a meeting of the association of the bond owners is summoned, the bond owners shall meet in the locality of the company ORCO registered office, or in any other place specified in the notification of the summoning of a meeting; the summoning shall be performed in compliance with Section 70 of the Act on Business Companies, which describes conditions for the summoning of share holders.

Through a written notification addressed to the company ORCO and a copy sent to the competent body, the representative of the bond owners' association shall be entitled, upon the decision of the majority of the votes at the meeting of the bond owners' association, to raise a demand for the disbursement of the total volume of the bonds in pari, increased by the interest amount respective for the interest period finished by the date of the disbursement in the following cases:

(a) In case the company ORCO did not make payments of the nominal value, or the interests payable on individual bonds as to the date of their maturity, and if this breach of the conditions is not remedied by the company ORCO within 15 working days from the stated date of maturity;

(b) In case the company ORCO breaches or does not comply with any provision in respect of the bonds, and if such breach of the conditions is not remedied by the company ORCO within the period of 30 working days after a written notification of the stated insufficiency has been delivered to the company ORCO by the representative of the bond owners' association;

(c) In case the payment of one or more obligations arising out of the issuance of the bonds or out of the guarantee for the issuance of the bonds (if such guarantee is provided) is not performed by the company ORCO or one of its daughter companies in the total amount equal minimally to EUR 15,000,000,- as to the respective date of maturity, or, as the case may be, after all additionally provided periods of payments have expired;

(d) Under any other circumstances the effects of which are, on the basis of the legal regulations or in the framework of legally binding jurisdiction, similar or the same as the effects of the above specified events.

Independently on the previous development of the situation, the bonds shall not be enforceable with respect to the above mentioned hypothesis described in paragraphs (a), (b), and (c), if the company ORCO remedies the insufficiencies until the day preceding the meeting of the bond owners' association at latest.

Further information concerning the bond owners' association is available at the registered office of the company ORCO.

10.12 Order of satisfaction

Bonds of the company ORCO and the interest accrued on them shall be direct obligations of the company ORCO, which means general, unconditional, not subjected and unsecured guarantee, among which they take position as other obligations and unsecured guarantees, either the existing ones or future, of the business group of the company ORCO.

The company ORCO undertakes that it shall not agree on any collateral on its property and realties which it cannot or will be able to own until the performance of the disbursement of the whole volume of the bonds, and that it shall not create any collateral or any other property security on its assets or incomes, either existing or future ones, for the benefit of the owners of other bonds issued by the company ORCO, quoted on the regulated market of securities, or being in compliance with the conditions of the quotation without providing these bonds with the same guarantees and same priority in advance or at the same time. This obligation shall especially apply to the issuance of the bonds quoted at the regulated market of securities, or being in compliance with the conditions of the quotation, and in any case does not restrict independence of the company in the disposing of its property, or restricts its possibilities to provide any guarantees with the use of the stated property under all other circumstances.

10.13 Legal Order

Bonds are issued under the Luxembourg Act on Business Companies and Luxembourg Act on Bonds. Relations arising out of these bonds shall be governed by the Luxembourg legal order. In case the company ORCO is the party that is sued, the courts having jurisdiction over the registered office of the company ORCO shall be competent for the dispute and shall be determined according to the character of such dispute, unless the Luxembourg Civil Code or Civil Procedure Code do not stipulate otherwise.

Chapter 11: Other Data on the BSA Vouchers

11.1 Characteristics of the BSA Vouchers and Their Description

The BSA vouchers are described in Chapter 3.5.1 of this prospectus. With respect to the fact that the company ORCO intends to apply for the quotation of the BSA vouchers at the Prague Stock Exchange within 2005, therefore only basic data concerning the BSA vouchers are mentioned in this prospectus, and these shall be described in detail in the prospectus of the security that the company ORCO shall prepare as soon as it applies for their quotation at the Prague Stock Exchange.

The BSA vouchers were allotted to the persons owning shares of the company ORCO as to 14 November 2003 for free and they do not have any nominal value or issuance rate. Business transactions with the BSA vouchers were commenced at the secondary market of the stock exchange EURONEXT in Paris on 17 November 2003.

11.2 Description of the Rights Arising out of the BSA Vouchers

As mentioned in Chapter 3.5.1 of this prospectus, three BSA vouchers give the right to their owner to subscribe one new issued share for a unit price of EUR 23,-. The period for the application is determined as of 17 November 2003 until 16 November 2006 including.

In case an owner of the BSA vouchers is interested in their exchange for shares of the company ORCO, such owner is obligated to ask for their exchange through the bank Natexis Banques Populaires, the identification data specified in Chapter 8.6 of this prospectus, and to send a respective amount at the account of the company ORCO. Individual applications for the execution of the entitlement of the exchange of the BSA vouchers which the bank Natexis Banques Populaires received, being the collector of such applications, during a calendar month (hereinafter referred to as the period of the execution of the BSA”) shall become effective as to the last working day of a respective calendar month (hereinafter referred to as the “date of the execution of the BSA”).

Owners of the BSA vouchers shall receive shares of the company ORCO on the thirtieth day after the period of the execution of the BSA. This period also takes into consideration the fact that the increase of the registered capital must be registered by a notary public and the period necessary for the creation of the deeds representing the issued shares.

There are no other rights related to the BSA vouchers, especially the right to a share on the profit (dividend), or the right to participate in the operation and management of the company are not related to them.

11.3 Number of the BSA Vouchers and Their Position in the Public and Business

The BSA vouchers were attached the ISIN: LU0180369919 and may be traded at the secondary market of the stock exchange EURONEXT in Paris. Orientation development of the BSA vouchers rate for the period from 17 November 2003 until the first half of 2004 is specified in the following chart:

	Lowest	Highest	Closing rate	Number of tradable BSA
November 2003	0.75	0.86	0.66	88,791
December 2003	0.75	1.27	0.98	251,004
January 2004	1.00	1.19	1.11	164,783
February 2004	1.10	1.70	1.39	752,340
March 2004	1.33	1.69	1.50	396,161
April 2004	1.61	1.93	1.80	166,876
May 2004	1.37	1.93	1.67	233,486
June 2004	1.75	1.73	1.74	188,933

All 3,039,573 BSA vouchers were accepted for trading at the stock exchange EURONEXT. With respect to the fact that owners of 3,009 vouchers have already enjoyed their right to exchange these vouchers for shares of the company ORCO, at present there is traded 3,036,564 BSA vouchers at the stock exchange EURONEXT.

Contents of the Prospectus

IMPORTANT NOTICES	3
Comparing the prospectus with the Decree of the Czech Securities Commission No. 263/2004 Coll., on Minimum Requirements of Security Prospectus and Abridged Security Prospectus.....	4
Comparing the prospectus with the Stock Exchange Rules of the Prague Stock Exchange, a.s., Part III – Conditions for the admission of security to trading on the major and secondary markets, of 15 December 2004	14
Chapter 1: Persons responsible for the security prospectus and verification of financial statements.....	16
1.1 Persons responsible for the security prospectus.....	16
1.2 Persons responsible for verification of financial statements.....	17
1.3 Statutory declaration of persons responsible for the prospectus.....	21
1.4 Declaration of persons responsible for the prospectus of certificate of accounts	22
1.5 Statutory declaration and other information of the issuer.....	24
1.6 Bank’s statement on the prospect certification	25
Chapter 2: Basic information on the issuer	26
2.1 Issuer’s business firm and registered office.....	26
2.2 Issuer’s establishment date.....	26
2.3 Legal form of the issuer and legal order according to which it has been established	26
2.4 The issuer’s subject of enterprise.....	27
2.5 Register court of the issuer and changes in the entry in the Commercial Register....	27
2.6 Issuer’s place for public relation.....	28
Chapter 3: Information on the issuer’s share capital.....	29
3.1 The issuer’s share capital	29
3.2 Options issued by the issuer.....	29
3.3 Structure of the issuer’s group	30
3.4 Own securities acquired by the issuer.....	32
3.5 Conditional increasing the issuer’s share capital	33
3.5.1 BSA vouchers	33
3.6 Shares not constituting participation in the issuer’s share capital.....	34
3.7 Conditions for changes in the issuer’s share capital	34
3.8 Operations regarding share capital.....	35
3.9 Persons controlling the issuer.....	38
3.10 Persons with share in the issuer’s voting rights	38

Chapter 4: Information on the issuers' activity	39
4.1 Main sphere of the issuer's activity	39
4.1.1 The issuer's projects in progress.....	43
4.1.2 Risks connected with investing in the issuer's securities	45
4.2 Information on the issuer's sales.....	47
4.3 Summary description of real estates owned by the issuer.....	47
4.4 The issuer's dependence on patents or licences	49
4.5 Extraordinary facts and litigations	49
4.6 Major investment of the issuer	50
4.7 Main investments carried out by the issuer.....	50
4.8 Major future investment of the issuer	53
4.9 Information on discontinuation of the issuer's business activity.....	54
4.10 Information on average number of the issuer's employees.....	54
Chapter 5: Information on the issuer's property, obligations, financial situation, profit and losses	55
5.1 Financial statements	55
5.1.2 Financial statements.....	74
5.2 Changes in the issuer's shareholder's fund.....	82
5.3 Profit on ordinary activities of the issuer per share and other economic ratios	82
5.4 Dividend for the last three accounting periods	83
5.5 Conversion formula.....	83
5.6 Interim financial statements and the issuer's economic results	84
5.6.1 Consolidated interim financial statement	84
5.6.2 Issuer's interim financial statements	101
5.6.3 Issuer's economic results.....	102
5.7 Description of consolidation methods.....	103
5.8 Persons included in the issuer's consolidation unit.....	103
5.9 Participation of the issuer in other third parties	109
5.10 Pledge Rights Relating to the Issuer Property.....	114
5.11 Non Paid up Loans of the Issuer	121
Chapter 6: Information on the Issuer's statutory and supervisory bodies and managers.....	122
6.1 The Issuer's statutory and supervisory bodies and managers	122
6.2 Functions performed by members of statutory and supervisory bodies and managers of the issuer outside the issuer's activities.....	125
6.3 Rules regulating election of statutory and supervisory bodies of the issuer.....	126
6.4 Performance provided to members of managerial bodies and managers of the issuer and persons that are in the concern with it	129
6.5 Total number of participation securities owned by the issuer's statutory bodies	130
6.6 Participation of statutory bodies of the issuer outside the issuer's subject of enterprise	131
6.7 Credits granted to statutory bodies of the issuer	131
6.8 Possibilities for the employees to participate in the issuer's share capital	131
Chapter 7: Information on Development of the Issuer's Activities	132
7.1 Information on Trends in the Issuer's Activities.....	132
7.2 Information on the Issuer's Business Forecast.....	133
Chapter 8: Information Relating to All Securities	136
8.1 Legal Base for the Issue of Securities	136
8.2 Information on Securities	136
8.3 Taxation of Security Yield	136
8.4 Manner of Security Conversion	137
8.5 Regulated Markets	137
8.6 Payment of the securities returns and settlement of the trading therewith	138
8.7 Parts of the issue.....	139

8.8	Issue rate.....	139
8.9	Exercise of the right to exchange securities.....	139
8.10	Securities subscription procedure.....	140
Chapter 9:	Other share specifications.....	141
9.1	Share placing.....	141
9.2	Share specification and accurate description.....	141
9.3	Description of the rights implicit in the share.....	141
9.4	Inception date of the dividend right.....	142
9.5	Shares placed between the public.....	143
9.6	Share number.....	143
9.7	Date of the acceptance for trading.....	143
9.8	Offers of taking-over of the issuer.....	144
9.9	Other shares of the issuer.....	144
9.10	Evolution of the share rate.....	144
Chapter 10:	Other information on bonds.....	151
10.1	Specification of bonds.....	151
10.2	Interest rate.....	151
10.3	Other advantages.....	152
10.4	Bond payment, method of yield payment and settlement of yield dealing.....	153
10.5	Currency.....	154
10.6	Maturity.....	154
10.7	Beginning of Interest.....	155
10.8	Development of Bond Rate.....	155
10.9	Application of the Right to be Paid Proceeds.....	157
10.10	Guarantee.....	158
10.11	Joint Representative.....	158
10.12	Order of satisfaction.....	159
10.13	Legal Order.....	160
Chapter 11:	Other Data on the BSA Vouchers.....	161
11.1	Characteristics of the BSA Vouchers and Their Description.....	161
11.2	Description of the Rights Arising out of the BSA Vouchers.....	161
11.3	Number of the BSA Vouchers and Their Position in the Public and Business... ..	161
	Translation of issuing conditions.....	Appendix No. 1
	Decisive French version of issuing conditions.....	Appendix No. 2
	Comparison of differences between the accounting standard IFRS 1 and the current Luxembourg accounting standard and any potential financial impact of introducing IFRS 1 on the issuer's financial statements.....	Appendix No. 3

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