Press Release

August 27, 2009

Orco Property Group management report on the 2009 first-half earnings.
Update on the "Procédure de Sauvegarde" and Strategic Plan and
the limited review report of Auditors

- Due to the economic conditions and the conservative approach of valuation of projects put on hold, the real estate portfolio value stood at EUR 1.83 billion vs EUR 2.13 billion as at 31 December 2008, a 12% decrease after correction of scope variations.
- The Net Asset Value stands at EUR 15.0 per share as at end of June 2009 (EUR 42.5 as at December 2008).
- Consolidated revenue increased by 16.8% to EUR 132 million due to increased sales in residential and commercial development.
- Adjusted EBITDA is up 7% to EUR 11.4 million, thanks to the cost reduction plan launched at the end of 2008.
- Total Group Net result amounts to EUR -199.9 million, mainly impacted by non-cash valuation adjustments on properties and developments for EUR -252.2 million.
- Orco Property Group ends the period with EUR 66.8 million in cash and cash equivalents.

First signs of market recovery are evident in the different cities where Orco Property Group operates although no significant growth is anticipated before mid-2010. The residential development market in specific cities does have a potential: it is still active in Prague (Czech Republic) and resilient in Warsaw (Poland) despite lower prices and more restricted credit access. Orco Property Group realizes a good performance in this segment over the period with a 25 % increase with revenues of EUR 54 million (after correction of sales of abandoned projects) and an increase of 17 % in volumes. This strong performance was overshadowed by heavy valuation adjustments on Orco's ongoing, projects put on hold and land bank.

Rents remained relatively stable over the first semester. But the pre lease levels for development projects were very low hence the need to complete projects to achieve satisfactory rental levels or sale of residential units. Yields continued to rise and the net asset value of the investment commercial properties fell during the period. Take up was slower, and pre leases seldom, hence the need to complete projects. Pre lease market will require experimented developers, with know-how and a relevant track record.

Orco Property Group has implemented its restructuring plan with a focus on developing and safeguarding core assets and projects. This has led to put on hold some major developments such as Vaci 1 or Zlota 44 while negotiations take place with debt and equity finance partners. This has had a dramatic effect on their valuation. As soon as possible, the next phase of the Company restructuring plan will allow the finalization of these projects in order to fully realize their value and rebuild net asset value.

Under the protection of Sauvegarde, the Group aims to restructure its financing structure to bring its debt to sustainable levels, allowing cash flow generation. It has started negotiations with bondholders aimed at a massive reduction in the Company's debt burden.

****

Jean-François Ott, CEO of Orco Property Group comments on the first half: *"Despite very adverse conditions, Orco Property Group is committed to refocus its business, restructure its financial profile and improve its operations. The decision to freeze some projects and sell non strategic assets is impacting our results and net asset value this semester but we are confident that, with the support of our long-term partners, notably bankers, the debt restructuring will be soon achieved. Our high quality projects will recover their complete value for all our customers, employees and shareholders by finalizing the construction and continuing to provide our clients with fundamental commodity. Then, with the full commitment of the Management, the major part of the turnaround for the future of the Company will be achieved."*

Key events

- In March a "Procédure de Sauvegarde" was opened for a renewable period of six months for Orco Property Group SA by the Commercial Court of Paris which will end on September 25th 2009. Significant progress has been made on the restructuring plan of the Group under the protection of the "Procédure de Sauvegarde" opened on the 25th of March this year and with the help of the "Administrateur Judiciaire". With this protection, the Group benefits from the conditions and the time necessary for the implementation of its strategic transformation and financial restructuring plan, which has been underway for several months.
- A calendar has been set in order to organize the Group creditors' vote on the Safeguard plan before the 25th of September, end of the observation period (end of the first six-month period):
    - The Group's main suppliers have received a repayment schedule and they are invited to vote at the beginning of September.
    - Bilateral discussions are ongoing with a group of bondholders about the conditions and the restructuring of the bonds issued by the Group. The Safeguard plan (official plan including all the debt restructuring proposals) will be sent shortly and proposed to their vote before September 25th.
    - The management expects the "Procédure de Sauvegarde" to result in a restructuring of the bond debts of the Company, whether agreed with creditors or decided by the Court who can decide on the term out of the debts with a repayment schedule over a maximum of 10 years, depending on the Group business plan and cash flows
    - Given the administrative formalities which follow the vote of creditors, management expects that the Court could extend the Safeguard period by several weeks.
- OPG and Colony Capital announced on June 22nd the modified terms of their agreement signed in April 29th 2009. To preserve the rights of all existing shareholders, the exercise of the warrants granted to ColOG, a company controlled by funds advised by Colony Capital, is subject to the success of the bond restructuring and approval at the Extraordinary Shareholder Meeting. The warrants will allow ColOG to subscribe to an issue of Orco Property Group shares at EUR 7 per share amounting to approximately EUR 80.0 million. ColOG's equity stake in OPG should not exceed 30%. All OPG shareholders will be offered the right to subscribe to new shares at EUR 7 per share at a ratio of one new share for each existing share. After the required debt restructuring, this transaction will bolster the group's equity while providing funds for growth and for implementation of its operational restructuring plan.

- Over 20% of the Group bank debt has been successfully renegotiated since the beginning of the year by either solving existing and potential covenants' breaches or extending construction credit lines repayment schedules, or extending new financing as in the case of Klonowa Aleja in Poland. Negotiations are still continuing on the remaining debts with existing or potential covenants breaches and for assets and developments where restructuring needs have been identified in the restructuring plan. No loan was early recalled on the basis of covenants breach and the Group's banking partners have worked in a positive spirit with the Management to adjust to the lower equity investment capacity of the Group.

- The restructuring of the operations and teams has already led to a significant operating expenses decrease compared to the first half of 2008 with the adjusted EBITDA amounting to EUR 11.4 million (increase of 7% compared to EUR 10.7 million for the first six months of 2008). The cost reduction plan has already generated savings in employee benefits decreasing of 8% and the other operating expenses of 19%. Further decreases are expected in the second half of the year.

- Assets sales program. In its restructuring plan the Group has identified assets and activities which are not strategic and/or for which financing or cash flows are problematic. Those assets and activities have to be restructured or sold if restructuring cannot be achieved in the short or medium term or if the projects have a risk profile that is too high in the current market conditions. The Group hence continued its refocus on fewer businesses in fewer core cities, notably in Prague, Berlin and Warsaw.

- The cash flow forecast established (for the fully controlled entities) to demonstrate the Group's ability to implement a self-financed recovery plan has proven to be conservative compared to the actual cash flows over the past three months. This demonstrates the Group's ability to continue to deliver residential projects and respond to an overall resilient, though more difficult, market demand (the market depth has been notably very different from one city to another over the last months).

- In its meeting of August 26th 2009, the Board of Directors noticed that the amount of cumulative losses in the statutory accounts of Orco Property Group S.A. represent more than 75% of the subscribed equity, in accordance with the Luxembourg commercial law, an Extraordinary Shareholders Meeting will be convened within the two months following that meeting. Shareholders will be invited to vote on the continuity of the activities as a result of the Board of Directors' expectations that the actions taken will result in order to return to profit.

The IFRS condensed consolidated interim financial reporting as at June 30 2009 with the independent auditors' review report is available on the Group's Website www.orcogroup.com. All the figures are reported in thousand Euros, except if explicitly stated.

I. Unaudited Portfolio Value and Net Asset Value

A. Real estate portfolio value at EUR 1.8 billion

As at June 2009, on the basis of a review of the real estate portfolio by DTZ, an independent real estate consultancy firm, the portfolio value of the Group has been estimated at EUR 1.8 billion compared to EUR 2.1 billion as at December 2008. After correction for scope variations of sales and investments over the period, the decrease in value amounts to 12.2%.

Portfolio as at December 2008	**2,128,636**
Exit of portfolio	(166,738)
Capex	119,233
Loss in value	(253,745)
Porfolio as at June 2009	**1,827,386**

Methodology: The real estate portfolio value is the sum of the fair values of all investment properties, own occupied buildings, hotels, buildings under construction and real estate developments inventories. While in the IFRS balance sheet only the investment properties are at fair value. Valuation is done on an asset by asset basis with sharp differences among assets. The crisis affects very differently each city, each segment of the real estate market, and each project stage (in development, for sale, for rental).

Developments are more complex to value due to their uncertain nature (demand, financing, construction and permit issues etc.). The valuation is deeply affected by the absence of an active market for unfinished development projects (built for sale or for rental) which is aggravated during a crisis.

As part of its Safeguard strategy to protect non risky assets and projects from riskier ones, some equity intensive developments such as Zlota or Vaci 1 were put on hold. This has led to reductions in value of those projects (taking into account capital expenditures of EUR 16.2 million the fair value loss on these two projects amounts to EUR 28.5 million). Management has worked on securing new financing solutions on Vaci 1, a refinancing agreement has been reached with the bank (to be approved by the judge before signing the new financing contract) and construction should resume shortly. Other projects such as Zlota need the availability of additional equity from new or existing shareholders and project equity partners.

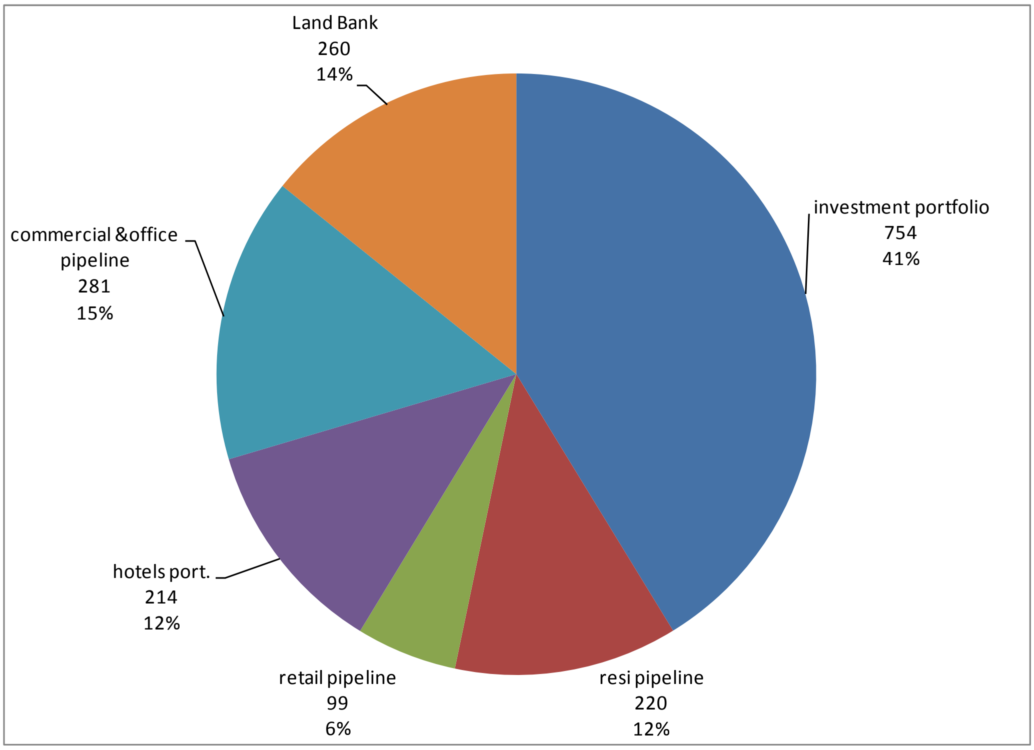
Hence, while the financing of all projects cannot be guaranteed, and market conditions may further worsen, the management still sees a major potential of value creation in the short to middle term in the development segment by simply completing ongoing projects and particularly the ones put on hold.

Overall, management considers the current valuation of the Company assets to be prudent.

As OPG is an operational Group managing activities including development, investment, hotel and logistic activities, the balance sheet is not only made up of the real estate portfolio. All other financing or operational assets and liabilities are part of the net asset value as described below.

Total Portfolio valuation as of June 2009

(in EUR million)



- The commercial investments properties, mainly rentals, on the one hand, have been conservatively devalued on average by 10.5% which reflects yields increasing by 100 to 200 basis points. On the other hand, Molcom assets, despite stable revenues in Rubles, have been devalued by 37.9 % mostly due to the sharp currency devaluation in the first semester;

- The decrease amounts to 25.0% of the **hotel portfolio,** mainly due to lower revenues and higher yields. The decrease is limited to 15.2% if we exclude Hvar hotels;

- On the **residential pipeline**, there is an overall increase of 4.2% due to on-going completion of developments mainly driven by the Czech Republic (+21.6%) whereas other countries recorded declines (Poland 7.6%, Slovakia 9.2%);

- On **retail pipeline**, the blended amount of devaluation stands at 24%. However, this devaluation mainly stems from Vaci project (-36%) that has been particularly hard-hit owing to uncertainities about macro-economic future in Hungary and freeze of the project (see below). If we carve out Vaci from the whole portfolio, the devaluation on retail pipeline is therefore 13.2%;

- The **land bank** portfolio records a decrease of 18.8% mainly due the uncertainity of future demand of residential and retail units in CEE and Germany countries and re-pricing of land for development.

The strongest hit properties were hotels, land bank and projects put on hold. Financed projects and completion of developments showed value creation. Hence, management focuses on securing the financing in order to achieve the delivering of developments, and renewed value creation.

B. Liabilities / Financial profile

As at June 30 2009, the loan to value ratio stands at 80% compared to 67% as at December 2008. This level is above the long term sustainable limit of 50% determined by the Board of Directors. The management is actively working on the restructuring of the portfolio and the debt in order to come back to a sustainable level in the medium term. Currently, 40% of the bank loans relate to non income producing land bank and projects under construction. The calculation and main variations are shown in the table below:

	June 2009	**December 2008**
Non current liabilities		
Bonds	442,826	429,437
Financial debts	622,561	826,483
Current liabilities		
Financial debts	522,040	309,836
Current assets		
Current financial assets	-1,754	-2,190
Cash and cash equivalents	-66,813	-83,799
Net debt	**1,518,860**	**1,479,767**
Investment property	1,125,522	1,211,718
Hotels and own-occupied buildings	224,701	245,273
Properties under development	4,890	99,673
Financial assets	60,093	70,681
Inventories	460,507	529,827
Revaluation gains on projects and properties	25,967	44,010
Gross asset value	**1,901,680**	**2,201,182**
Loan to value	**79.9%**	**67.2%**

C. Net Asset Value at EUR 15 per share

The Group Net Asset Value per share is estimated at EUR 15.0 as at June 30 2009 compared to EUR 42.5 as at December 2008. The evolution is mainly the result of the variation in the real estate portfolio valuation and the deferred tax recognized in the balance sheet thereon. The variation in the other balance sheet items is mainly the consequence of the increase of the bank loans financing the projects under construction.

	June 2009	December 2008
Equity attributable to owners of the Company	**97,618**	**304,633**
Fair value adjustments on investment properties	0	784
Fair value adjustments on hotels and own occupied buildings	15,457	46,242
Fair value adjustments on properties under development	0	-18,631
Fair value adjustments on inventories	10,516	15,615
Deferred taxes on revaluations	64,539	141,356
Goodwills	-24,759	-29,305
Own equity instruments	649	4,190
Net asset value - Group share	**164,020**	**464,884**
Net asset value per share	14.99	42.48
Existing shares	10,944	10,944

The net asset value as a consequence of the definition below is calculated as follows:

- the real estate portfolio value, to which other financial and operational assets are added,
- from which all financial and operational liabilities are deducted.

Finally, only the part attributable to owners of the Company is retained.

The net asset value is calculated on a group share basis starting from the IFRS consolidated balance sheet values (see point III on the balance sheet and the IFRS condensed consolidated interim financial reporting the variations of the main elements) with adjustments as detailed below Equity attributable to owners of the Company:

- Fair value adjustments: as for real estate assets and developments, only investment properties are at fair value on the IFRS balance, the fair value adjustments are the difference between their carrying value in the consolidated balance sheet and their fair market value.
- Deferred taxes on revaluations: Group share in the deferred taxes recognized in the IFRS balance sheet on the valuation adjustments on real estate assets and developments.
- Goodwill: IFRS goodwill is not recognized in the real estate net asset value calculation.
- Own equity instruments: as they are not recognized in the IFRS balance sheet and the net asset value estimate uses all the shares in circulation for the calculation of the per share data, own equity instruments are added at their fair market value.

II. Unaudited Group's results

Over the first half of 2009, Orco Property Group has pursued its strategic and financial restructuring plan within the framework of the "Procédure de Sauvegarde" despite a challenging environment in its Central European markets. The revenue reached EUR 132.3 million compared to EUR 113.2 million during the first half of 2008.

As announced as a part of the strategic review of the Group's assets, some development programs were put on hold during negotiations with financial partners and this has led to large investment properties devaluations and development impairments for the period ending June 30 2009.
Consequently, the Group recognized a loss for its Group share amounting to EUR 200.0 million compared to a loss of EUR 14.1 million over the same period in 2008. The restructuring and cost efficiency plan put in place at the end of 2008 and accelerated since March has led to an increase of adjusted EBITDA by 11% to EUR 11.4 million. Orco Property Group ends the period with EUR 66.8 million in cash and cash equivalents.

	June 2009	June 2008
Revenue	**132,315**	**113,242**
Net gain/(loss) from fair value adjustments on investment property	-153,282	61,067
Other operating income	3,626	3,075
Net gain/(loss) on disposal of assets	-769	10,082
Cost of goods sold	-72,327	-33,277
Employee benefits	-23,884	-26,089
Amortisation, impairments and provisions	-106,048	-48,370
Other operating expenses	-39,978	-49,206
Operating result	**-260,347**	**30,524**
Interest expenses	-41,694	-41,596
Interest income	5,052	6,452
Foreign exchange result	-644	-8,034
Other net financial results	-20,706	13,326
Financial result	**-57,992**	**-29,852**
Profit/(loss) before income taxes	**-318,338**	**672**
Income taxes	60,948	-5,550
Net profit/(loss)	**-257,390**	**-4,878**
of which attributable to minority interests	-57,533	9,236
of which attributable to the Equity holders of the Com	**-199,857**	**-14,114**
Basic earnings in EUR per share	-18.26	-1.32
Diluted earnings in EUR per share	-18.26	-1.32

A. Revenue by segment

In EUR thousands		Development	Commercial investment properties	Hospitality	Management services (Holding)	Inter-segment eliminations	TOTAL
Revenue	H1 2009	82,069	47,761	9,962	-1,330	-6,147	**132,315**
Revenue	H1 2008	42,919	54,446	14,487	8,847	-7,457	**113,242**
Variation		***39,150***	***-6,685***	***-4,525***	***-10,177***	***1,310***	***19,073***

a. Residential development

Excluding sales of of Fehrbelliner and City Gate (amounting to EUR 28.5 million), the increase of turnover of the development sales by 25% to EUR 53.6 million is the result of the reduction by EUR 8.9 million of German residential project deliveries compensated by increases in the Czech Republic (+EUR 2.7 million with sales mainly in projects Le Mont, Hradec Kralove, Kosik and Michle), Poland (+EUR 5.1 million) and in Slovakia (+EUR 4.2 million starting delivering Park Ville appartments).

The Group has registered a 17% increase in its units delivered and recognized in revenues in H1 2009, to 267 units compared to 228 over the same period in 2008. The backlog on projects either finalized or under construction amounts to 650 units in The Czech Republic out of which 251 are covered by a future purchase or a reservation contract and to 610 units in Poland out of which 208 are covered by a future purchase or a reservation contract. In Germany, there are only few units left to sell on the residential developments while construction of senior residences and office building should generate development revenues in the coming 18 months.

Despite no new construction started over the last 9 months, the Group is preparing permits demands for new developments that could be launched rapidly when the market demand rebounds.

b. Commercial investment properties

The rental revenues decreased by 12.1 % to EUR 47.8 million despite no major change in the occupancy rate of the Group rental assets. The drop in rental revenues of EUR 6.7 million is mostly due to the absence of revenues from assets sold over the last 18 months (with revenues of EUR 3.8 million in 2008) and the negative impact of the devaluation of the Ruble on Molcom revenues amounting to EUR 2.0 million.

Developments for the rental portfolio have been finalized with the deliveries of Na Porici and Hradcanska in Prague over the second quarter of 2009 starting generating revenues over the next period.

c. Asset Management

The Endurance fees are lower than in the previous year revenues due to the absence of any acquisition or fund raising activities, leaving mainly the base management fees..

d. Hospitality

The drop in revenues is explained by a severely depressed trading in all of the key markets exacerbated by a sharp decline in foreign visitors especially from key feeder markets such as the US and the UK. The decrease in the turnover is explained by the decrease over the period of the occupancy rate in Ma Maison (51% vs 60% in June 2008), the ADR (EUR 96 vs EUR 128 in June 2008 and the Rev Par (EUR 49 vs EUR 76). As for Suncani Hvar resort portfolio in Croatia, the season has not yet started and the contribution is therefore not significant. However Suncani Hotel results improved compared to last year: with a Rev Par growing from EUR 31 to EUR 36 .

Over the second half of 2009, the expected revenues amount to EUR 131 million. The increase compared to the same period in 2008 is mainly driven by the delivery of two senior residences in Germany secured by future purchase contracts, the delivery of Mokotowska for which 50% of units are secured by future purchase contracts, and summer season revenues from the hotels on Hvar Island.

B. Adjusted EBITDA

The adjusted EBITDA amounts to EUR 11.4 million as at June 30 2009 showing an increase of 7% compared to EUR 10.8 million June 2008. The decrease in revenues (excluding the sales of Fehrbelliner Hofe and City Gate) is more than compensated by the cost reduction plan with employee benefits decreasing by 8% and the other operating expenses by 19%. The Company continues its shift from a growth oriented model to a profitability oriented one.

	Development	Hotels and Residences	Commercial investment properties	Management services	TOTAL
Operating result	**-150 885**	**-10 985**	**-100 452**	**1 976**	**-260 347**
Net gain on fair value adjustements	68 222	1 453	83 607	0	153 282
Amortisation, impairments and provisions	66 579	5 426	34 037	6	106 048
Correction of cost of goods sold	47	0	0	0	47
Net gain or loss on abandoned developments	11 592	0	0	0	11 592
Net gain or loss on disposal of assets	1 201	2	799	-1 232	769
Adjusted EBITDA 2009	**-3 246**	**-4 104**	**17 991**	**750**	**11 391**
Adjusted EBITDA 2008	**-10 341**	**-4 985**	**18 064**	**8 109**	**10 799**

Adjusted EBITDA is the recurring operational cash result calculated by deduction from the operating result of non-cash elements and non recurring elements (Net gain or loss on fair value adjustments – Amortisation, impairments and provisions – Correction of costs of goods sold being the reversal of past non cash valuation adjustments and impairments – Net gain or loss on the sale of abandoned developments – Net gain or loss on disposal of assets) and the net results on sale of assets or subsidiaries.

C. Valuation adjustments and impairments

The net result on fair value adjustment as at June 2009 amounts to EUR -153.3 million (EUR 61.1 million as at June 2008) of which EUR -60.1 million for Germany and EUR -57.7 million for The Czech Republic.

The amortisation, impairments and provisions amounting to EUR 106.0 million as at June 2009 compared to EUR -48.4 million as at June 2008 include EUR 98.9 million impairments on properties and developments projects (EUR 42.3 million as at June 2008). Impairments on buildings under construction are mainly the consequence of the increase of the expected developers margin taken into account in the valuation model. This increase is reflecting the uncertainty of the current environment.

The total of impairment and amortization on real estate assets amount to EUR 252.2 million compared to EUR 18.8 million for the same period in 2008.

	June 09			June 08		
	Revaluation	Impairment	**Total**	Revaluation	Impairment	**Total**
Germany	-60,138	-35,384	**-95,522**	60,953	-17,673	**43,280**
Czech Republic	-57,672	-21,561	**-79,233**	948	-24,157	**-23,209**
Poland	-7,710	-10,602	**-18,312**	0	0	**0**
Hungary	-19,704	-9,594	**-29,298**	0	0	**0**
Slovakia	-4,793	-2,837	**-7,630**	-833	0	**-833**
Luxembourg	-2,031	-158	**-2,189**	0	0	**0**
Croatia	-71	-1,947	**-2,018**	0	0	**0**
Russia	-1,161	-16,795	**-17,956**	0	-461	**-461**
Total	**-153,282**	**-98,878**	**-252,160**	**61,067**	**-42,291**	**18,777**

The changes in value are detailed in point I. Portoflio value and net asset value.

D. Net gain or loss on the sale of assets

Over the first 6 months of 2009, assets have been sold for a total consideration of EUR 40.3 million generating a loss of EUR 0.8 million and net cash inflow of EUR 22.1 million. Including the sale of two high risk profile projects that have been abandoned and sold, total of asset sales amounts to EUR 63.8 million and net cash inflow of EUR 27.2 million: the luxury residential project Fehrbelliner Hofe in Berlin and the luxury residential / retail project City Gate in Bratislava. As part of the restructuring and cost control plan, the property management service business has also been sold and externalized for a consideration of EUR 0.4 million.

E. Financial Result

Out of a total interest charge of EUR 41,7 million, interests on bonds account for EUR 21.9 million (EUR 22.3 million in 2008) out of which EUR 3.8 million relates to Orco Germany OBSAR (EUR 3.7 million in 2008). As a result of the "Procédure de Sauvegarde", the accrued interests on OPG bonds amount to EUR 9.5 million compared to EUR 5.4 million. Management targets in its restructuring plan a sharp reduction on bonds interest service.

The financial result shows a loss of EUR 58.0 million compared to a loss of EUR 29.9 million in the first half of 2008. While interest expenses remain relatively constant, the deepening of the loss results mainly from the revaluation of the interest rate swap (68.4% of the Group bank loans are with variable interests swapped against fixed interests) and currency derivative contracts mark to market valuation differences with a loss of EUR 2.7 million as at June 2009 compared to a gain of EUR 20.1 in 2008. The financial result has been positively influenced by the decrease of the foreign exchange loss from EUR 8.0 million in 2008 to EUR 0.6 million in 2009.

Changes in the fair value of other financial assets essentially relates to financial assets at fair value through profit and loss (mainly investment in Endurance sub-funds for EUR - 13.6 million in 2009 compared to EUR +0.3 million in 2008) and to short term trading instruments within the treasury management (mainly Les Nouveaux Constructeurs for EUR -4.5 million in 2008).

F. Income taxes

The income taxes have a positive impact of EUR 60.9 million as a result of the negative impact of the portfolio valuations and impairments.

III. Other elements of the management report

a) Significant related party transactions are reported in section 17 of the condensed consolidated interim financial information.

b) Risks and uncertainties related to the next six months are reported in section 2.1 of the condensed consolidated interim financial information.

****

The IFRS condensed consolidated interim financial information as at June 30 2009 with the independent auditors' review report is available on the Group's Website www.orcogroup.com.

For more information, visit our Shareholder corner on www.orcogroup.com, or contact:

Nicolas Tommasini +331 40 67 67 21 or at investors@orcogroup.com