Press Release

November 19, 2009

Orco Property Group -9 Months Accounts 2009
« Improved operating performance »

Quarter key events:

- Completion and opening of Sky Office, Paris Department Store, Palac Archa and healthcare assets
- Frozen works resumed in Vaci 1 and Klonowa Aleja
- Refinancing on Hospitality portfolio, Vaci 1 and Paris Department Store
- Procédure de sauvegarde prolonged until 25 March 2010
- Bondholders rejection of management proposal on 24 September 2009

Quarter financial highlights:

- Rental revenues grow by 8%
- Overall Residential sales drop due to refocusing on Czech and Polish markets
- Residential sales resilient in our Czech and Polish markets with more than half of backlog secured by future purchase contracts
- Decrease of operational costs by 24% year on year and by 33% Q3 on Q3
- Improvement of Q3 operating result with interests covered by operating profit
- Stabilization of Q3 net result: Group is close to break even

Outlook:

- Scheduled increase of stake in Orco Germany to 65%
- Realization of real estate embedded value thanks to
  - (i) resuming of works on key projects
  - (ii) continued efforts on letting both for pipeline and investment properties
  - (iii) completion and sales of residential projects
- Realization of stakeholders' value through continued costs savings and debt restructuring
- 2nd phase cost restructuring program to be implemented leading to further increase of operational performance partially compensated by the absence of revenues in Hvar until June 2010
- 10 years term out of Bonds is being prepared ; OBSAR parity changes are being studied

I. Profit and Loss Statement :

	9 months 2009	9 months 2008	Q3 2009	Q2 2009	Q3 2008
Revenue	**186,843**	**225,591**	**54,528**	**77,468**	**112,349**
Net gain/(loss) from fair value adjustments on investment property	-153,282	61,902	0	-147,516	835
Other operating income	3,198	723	-428	-165	-2,352
Net gain/(loss) on disposal of assets	-726	13,011	43	261	2,929
Cost of goods sold	-85,261	-90,244	-12,934	-51,843	-56,967
Employee benefits	-35,550	-46,798	-11,666	-12,119	-20,709
Amortisation, impairments and provisions	-106,051	-47,845	-3	-103,932	525
Other operating expenses	-57,671	-72,337	-17,693	-21,136	-23,131
Operating result	**-248,500**	**44,003**	**11,846**	**-258,982**	**13,478**
Interest expenses	-61,730	-61,266	-20,036	-20,134	-19,670
Interest income	6,914	7,761	1,862	1,657	1,309
Foreign exchange result	5,202	-6,209	5,846	17,321	1,825
Other net financial results	-27,160	-4,338	-6,454	1,200	-17,665
Financial result	**-76,775**	**-64,052**	**-18,783**	**44**	**-34,201**
Profit/(loss) before income taxes	**-325,275**	**-20,049**	**-6,937**	**-258,938**	**-20,723**
Income taxes	65,887	-5,976	4,939	58,746	-426
Net profit/(loss)	**-259,388**	**-26,025**	**-1,998**	**-200,192**	**-21,147**
of which attributable to minority interests	-58,170	3,760	-637	-46,064	-5,476
Group Share	**-201,218**	**-29,785**	**-1,361**	**-154,128**	**-15,671**

Revenues reached EUR 186.8 million compared to EUR 225.6 million over the same period in 2008. This decrease of 17% is partially compensated by a decrease in employee benefits of 24% and in other operating expenses of 20%. Operating result strongly improved (excluding any revaluation or amortisation, impairments and provisions) from a loss of EUR 7.5 million in Q2 2009 **to a profit of EUR 11.8 million in Q3**.

The improvement of the operating performance over the last quarter allowed maintaining the net result at the same level as at June 2009 (EUR 201.5 million compared to EUR 200.0 million). While no new impairments or devaluation of real estate assets have been recognized over the period it means that **the improvement of the operating result of Q3 allowed to almost cover the interest expenses**.

A. Revenue by segment

The main contributors over the quarter are the commercial investment properties with EUR 25.6 million and the residential development with EUR 16.3 million and the hospitality business with EUR 13.7 milliom.

EUR thousands		Development	Commercial Investment Properties	Hospitality	Management services (Holding)	Inter-segment	TOTAL
Revenue	Q3 2009	92,001	73,315	23,667	6,490	-8,630	186,843
Revenue	Q2 2009	75,683	47,761	9,962	5,056	-6,147	132,315
Revenue	Q3 2008	111,831	81,436	32,753	11,048	-11,477	225,591
Variation	**Q3/Q2**	**16,318**	**25,554**	**13,705**	**1,434**	**-2,484**	**54,527**
Variation	**Q3 09/08**	**-19,830**	**-8,121**	**-9,086**	**-4,558**	**2,848**	**-38,747**

a. Residential development

The residential development sales have decreased from EUR 111.8 million over the first nine months of 2008 to EUR 66.2 million recurrent in 2009, excluding sales of the abandoned projects Fehrbelliner and City Gate (amounting to EUR 28.5 million). Sales amount to EUR 16.3 million recurrent over the third quarter of 2009.

Besides the volatility inherent to quarterly development deliveries, this drop in sales is mainly due to the **group strategic decision to stop residential development activities in Hungary** (EUR 24.5 million revenues in 2008) **and Germany**. Excluding the 77 units sold in Hungary over 2008, the total of units sold is **almost constant year on year**.

Within our core markets, residential sales are resilient despite a challenging environment in the Czech Republic and in Poland.

Over the first nine months of 2009, 340 units have been delivered compared to 420 over the same period in 2008. In addition,

In 2009, the developments that are mainly contributing to revenues are: in The Czech Republic Plachta III for EUR 7.7 million, Nove Medlanky for EUR 5.1 million, Michle for EUR 4.6 million, Kosic 2 for EUR 3.8 million and Le Mont for EUR 3.5 million, in Poland Mokotowska for EUR 4.0 million, Casa Verde for EUR 3.3 million, finally in Slovakia Parkville for EUR 4.2 million.

The backlog on projects either finalized or under construction amounts to 458 units in the Czech Republic out of which 259 are covered by a future purchase or a reservation contract and to 387 units in Poland out of which 210 are covered by a future purchase or a reservation contract.

Revenue contributors for Q4 2009 and onwards are expected to be:

- in Czech Republic: Kosik 3A (with a total of 232 units, 66% already contracted; occupancy permit received in September 2009), Nove Dvory: (with a total of 100 units, 73% already contracted) and Plachta 3 (with 89 units, 68% already contracted)
- In Poland: Klonowa aleja (with a total of 284 units, 29% already contracted, reopened for sale in October), Feliz/Drawska (with a total of 40 units, out of which 32% contracted)
- In Slovakia: Parkville (with 91 units, out of which 29% already contracted),

Among the new projects for 2010 - 2011 validated by the Investment Committee are Mostecka project (56 units), and Americka 11 (14 units). Other projects ready to start construction include Mezihori (142 units), Kosik 3b (200 units), Vavrenova (86 units) and U hranic (140 units). They will be approved by the Investment Committee over the coming months depending on demand, rescheduling of specifictions and financing availability.

Group continues preparing permits demands for new developments to be launched in 2011 and 2012 when the market demand rebounds.

Construction works on Zlota 44 site were suspended in summer 2009 due to an invalidation of the building permit by the court. Orco has appealed this decision and is confident in a positive judgment. During this stage Orco negotiates potential JV agreement and refinancing with our existing bank in order to be able to restart the construction immediately after the re-validation of permit. Sales will reopen after recommencement of construction works.

In Germany, there are only few units left to sell on the residential developments, while the completion of senior residences and office buildings should generate development revenues in the coming 18 months.

b. Commercial developments

During the third quarter of 2009, significant progress was made on commercial projects in development:

- Phase II of Palace Archa (Na Porici) downtown Prague was delivered on time, currently presenting an occupancy rate of 55% (100% on retail space).

- Sky Office, a 33,000 sqm class A office tower which opened in August is already 65% leased. Total development costs reached EUR 155 million.

- The grand opening of Paris Department Store in Budapest took place in mid November 2009. This mixed use building with a leasable area of 5,700 sqm is now 35 % occupied.

- H2 Office, a 12 000 sqm office development in Duisburg Germany is scheduled for delivery by the end of 2009.The project 21% pre-leased and development loan was restructured.

- Construction works on Váci 1 department store, the former Budapest Stock Exchange, are currently being resumed an amendment to the construction contract in November 2009. Delivery is planned for end of 2011.

- Health care projects have been successfully delivered and fully leased. The projects Rostock (7,600 sqm , EUR 0.83 million yearly rental income) and Oranienburg (6,700 sqm ,; EUR 0.79 million) have been handed over to tenants in the third quarter. Gütersloh (7,200 sqm) opened in November 2009 will generate EUR 0.92 million

Several projects, such as Stein in Bratislava, Bubenska in Prague and Cumberland Haus in Berlin are in the process of sale as part of the restructuring of the development portfolio.

The commercial development pipeline for 2010 and beyond is currently being reviewed. Together with Vaci 1, the Bubny project in Prague remains clearly Orco's top priority. The project team currently focuses on the permitting process and alignment with the new master plan for the city of Prague which is expected to be approved by end of 2010. The company has committed to invest approximately EUR 7 million equity in development costs by end 2011.

c. Commercial investment properties : revenues in growth

Rental revenues grew quarter by quarter from EUR 23.6 million to EUR 25.5 million, income growth from newly developed properties and exchange rate effects.

The rental revenues amount to EUR 73.3 million at quarter end reflecting a 6% decrease compared to September 2008 and is explained solely by the sale of rental and the foreign exchange impact in Russia.

The investment portfolio excluding GSG and non-stabilized assets had an NLA (net leasable area) of 238K sqm and was 87.05% occupied as of September 2009. The average occupancy was 92.3% on office (excluding GSG and non-stabilized assets such as Na Porici & Sky Office; 92K sqm NLA) and 86 % on industrial (127K sqm NLA). Residential and retail portfolios now sum up to 19,000 sqm NLA.

GSG in Berlin with a total NLA of 818,567 sqm contributed with EUR 38 million revenue in the first nine months of 2009 (9% increase YoY). In addition, Q3 2009 revenues increased of 16% compared to Q3 2008. Since the take-over of GSG in July 2007 the net take-up increased by 7 per cent (+ 37,745 m²). During the same period the average rental income per sqm increased by 6.5%, reaching 6.24 EUR/ sqm.

During the first nine months of 2009, Molcom contributed with EUR 14.4 million revenue compared to EUR 17.5 million last year, due to a negative impact of foreign exchange difference of EUR 3.1 million. Occupancy rate remains just below 80%. The first phase (5,000 sqm) of a new class A logistic warehouse has been commissioned in September 2009, of which 40% is already leased. The second phase (15,000 sqm will be commissioned during the first quarter of 2010 and is in the process of being rented to a sole client.

Given the recent finalization of several commercial developments in Prague, Düsseldorf, Berlin and Budapest, the Group expects higher rental income over the next period with increasing occupancy rate.

d. 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.

e. Hospitality

Despite some recovery since September, and a relative over performance of MaMaison hotels to our competitive sets, revenues have been severely depressed in all the key markets due to a sharp decline in foreign visitors .In the Central European properties Occupancy rate (54.0% vs 61.0% in September 2008), and ADR (EUR 93.9 vs EUR126.3) decreased.

Regarding the Suncani Hvar resort portfolio in Croatia,Q3 2009 revenues decreased of 17% on a YoY basis(EUR 9.6 million vs EUR 11.7 million) . The occupancy as of end of September has reached 51% (compared to 53% last year) for an ADR of 116.73 € (compared to 115.06 € last year). However, during the high season (July-August), the group managed to increase the occupancy (80.3% vs 76.1% in 2008) and keep our revenues with an ADR of EUR 135.The restructuration process recently put in place should decrease fixed costs and improve future profitability.

B. Adjusted EBITDA

The adjusted EBITDA amounts to EUR 23.3 million (more than doubled compared to the EUR 11.4 million as at June 30 2009) compared to EUR 33.1 million as at September 2008. The third quarter saw a significant increase of the EBITDA, being more than five time higher than the Q2 2009 one (EUR 11,9 million vs EUR 1.9 million). This positive evolution is mainly due to rental and hospitality segments. While operational performance continues to improve (Adjusted EBITDA margin at 12.4%) as a result of the cost reduction plan with employee benefits decreasing by 24% and the other operating expenses by 20%, the Adjusted EBITDA decreases in ablsolute terms after lower residential development sales and the sale of rental assets in Germany and the Czech Republic.

EUR thousands	Development	Hospitality	Commercial investment Properties	Management Services	Inter-segment	TOTAL
Operating result	**-150,503**	**-8,178**	**-91,497**	**1,676**	**1**	**-248,500**
Net gain on fair value adjustments	66,768	1,453	85,061	0		153,282
Amortisation, impairments and provisions	65,845	6,157	33,794	255		106,051
Correction of cost of good sold	129	0	0	0		129
Net gain or loss on abandonned projects	11,592	0	0	0		11,592
Net gain or loss on disposal of assets	1,228	15	715	-1,233		725
Adjusted EBITDA September 2009	**-4,941**	**-553**	**28,073**	**698**	**1**	**23,279**
Adjusted EBITDA June 2009	**-2,944**	**-4,104**	**17,991**	**448**	**0**	**11,391**
Adjusted EBITDA September 2008	**-11,669**	**304**	**42,339**	**2,264**	**-110**	**33,127**

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

No new valuation adjustments and impairments on real estate assets were recorded over the third quarter.

D. Net gain or loss on the sale of assets

It is Orco's strategy to proceed on an orderly strategic asset disposal program over 2009 and 2010, and benefit from the "Procédure de Sauvegarde" to avoid sale of assets at distressed prices. In Q3 2009, EUR 18.1 million asset sales have occurred, mainly in Germany. Over the first 9 months of 2009, assets have been sold for a total consideration of EUR 63.3 million generating a net loss of EUR 0.7 million and net cash inflow of EUR 33.7 million. Including the sale of two high risk profile projects (the luxury residential project Fehrbelliner Hofe in Berlin and the luxury residential / retail project City Gate in Bratislava), the total asset sales amount to EUR 91.8 million net cash inflow of EUR 38.8 million. The property management service business has also been sold and externalized for a consideration of EUR 0.4 million.

E. Financial Result

Out of total interest expenses of EUR 61.7 million, interests on bonds account for EUR 21.2 million (EUR 20.9 million in 2008) out of which EUR 5.7 million relates to Orco Germany OBSAR (EUR 5.5 million in 2008). As a result of the "Procédure de Sauvegarde", the accrued interests on OPG bonds amount to EUR 12 million compared to EUR 5.4 million.

The financial result shows a loss of EUR 76.8 million compared to a loss of EUR 64.1 million over the first nine months of 2008. While interest expenses remain relatively constant, the deepening of the loss results from the revaluation of the interest rate swap (58% 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 7.7 million as at September 2009 compared to a gain of EUR 5.3 in 2008. The financial result has been positively influenced by the improvement of the foreign exchange result from a loss of EUR 6.2 million in 2008 to a gain of EUR 5.2 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.

F. Income taxes

The income taxes have a positive impact of EUR 65.9 million as a result of the negative impact of the portfolio valuations and impairments.

G. Net result

The Q3 2009 net result is close to break even, which has not been the case since Q4 2007.

H. Cash flow

The consolidated cash and cash equivalent increased from EUR 66.8 millions as at June 30 to EUR 68.7 million as at September 30.

The cash flow forecast established at the beginning of the 'période de sauvegarde' 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 six months. This demonstrates the Group's ability to continue to deliver rental growth and residential sales.

II. Consolidated interim balance sheet

Assets	Note	September 2009	June 2009	December 2008	
NON-CURRENT ASSETS		**1,505,594**	**1,496,037**	**1,710,798**	
Intangible assets		**51,885**	**50,724**	**57,074**	
Investment property	4	**1,134,781**	**1,125,522**	**1,211,718**	
Property, plant and equipment		**248,582**	**250,481**	**363,973**	
Hotels and own-occupied buildings	5	224,594	224,701	245,273	
Fixtures and fittings and other equipments		17,246	16,663	19,027	
Properties under development	6	6,742	9,117	99,673	
Financial assets at fair value through profit or loss		**60,585**	**60,093**	**70,681**	
Deferred tax assets		**9,761**	**9,217**	**7,352**	
CURRENT ASSETS		**650,629**	**625,459**	**753,312**	
Inventories	7	485,530	460,507	529,827	
Trade receivables		31,048	24,021	36,962	
Other current assets		60,621	66,541	95,436	
Derivative instruments		3,674	5,823	5,098	
Current financial assets		1,035	1,754	2,190	
Cash and cash equivalents		68,721	66,813	83,799	
Assets held for sale		**7,458**	**21,380**	**-**	
TOTAL		**2,163,681**	**2,142,876**	**2,464,110**	

Equity and liabilities	Note	September 2009	June 2009	December 2008	
EQUITY		**157,336**	**154,487**	**420,874**	
Equity attributable to owners of the Company		**101,150**	**97,619**	**304,633**	
Minority interests		**56,186**	**56,868**	**116,241**	(1)
LIABILITIES		**2,006,345**	**1,988,389**	**2,043,236**	
Non-current liabilities		**1,286,721**	**1,201,785**	**1,468,366**	
Bonds	8	450,321	442,826	429,437	
Financial debts	8	707,862	626,340	826,483	
Provisions & other long term liabilities		15,381	16,966	29,625	
Derivative instruments		17,120	15,735	14,917	
Deferred tax liabilities		96,037	99,918	167,904	
Current liabilities		**719,624**	**775,889**	**574,870**	
Financial debt	8	473,547	522,040	309,836	
Trade payables		46,165	50,531	59,577	
Advance payments		51,798	49,995	61,120	
Derivative instruments		45,422	42,159	38,382	
Other current liabilities		102,692	111,164	105,955	(1)
Liabilities held for sale		**-**	**10,715**	**-**	
TOTAL		**2,163,681**	**2,142,876**	**2,464,110**	

III. Update on the Procédure de sauvegarde :

On September 24, 2009, the general meeting of the bondholders rejected the *Projet de Plan de Sauvegarde* including the restructuring proposal of the bonds issued by the Company.

The Company has been preparing since a rescheduling proposal of all bonds over 10 years corresponding to the investment needs of its Business plan over the first years. Those investments are necessary to the long term value creation and cash generation to allow the full reimbursement of the bonds.

Meanwhile, the Company has been analysing the feasibility of a restructuring scheme based on the equitisation of some of the Bonds, notably the Bonds 2010 and Bonds 2014, into OPG shares. Under the *Procédure de Sauvegarde*, such equitisation is made possible by claims set off when their underlying claims are connex.
This solution would therefore aim at improving the terms according to which holders, at their sole discretion, may sell Bonds 2010 and Bonds 2014 (made due and payable to this effect) to the Company when paying for their subscription of OPG shares by respectively exercising Warrants 2012 and Warrants 2014.

The terms of such a restructuring are currently being studied by the Company. The Company may therefore convene general meetings of the holders of Bonds 2010, of holders of Warrants 2012, of holders of Bonds 2014 and of holders of Warrants 2014.

Bank financing

Orco's priority has been to avoid breaching of loan covenants, and to ensure smooth financing of the projects currently under development. The company has renegotiated several bank loans related to core projects:

- Paris Department Store, financed with € 16.5 Million loan maturing in 2011; yearly extension till 2016 if no breach
- Vaci 1, financed with € 46 Million loan maturing in 2012; yearly extension till 2017 if no breach
- Bubny, financed with EUR 27.7 Million.

As for the Zlota development, a refinancing is currently under advanced negotiation with the Bank. A new term sheet is expected to be signed during the 4th Quarter.

The company is on breach on the Stein project in Slovakia (EUR 13.3 million) and Orco is currently working with the bank on selling the asset.
The team is currently working on refinancing its others existing development loans into long term financings.
Bank loans related to residential projects that were delivered (Benice EUR 6.1 Mn, Kosik 3 EUR 16.3 Million, Nove Dvory EUR 9.6 Million) or are about to be delivered (Klonowa Aleja EUR 16.7 Million, Feliz Residence EUR 6.3 Million) are expected to be repaid on schedule.

Message from Mr. Jean-François Ott, CEO of Orco Property Group

"Our markets still display a strong fundamental residential domestic demand and a lack of commercial quality space comparable to Western Europe.
I see this quarter as the inflexion point showing the result of our restructuring efforts. We could complete or resume several of our key projects like Sky, Paris Department Store or Vaci, with the support of our banks and contracting partners. Our improved operating performance led our Company to be almost break even this quarter. We have also advanced on our bond rescheduling plan which over the first years shall allow necessary investments for value creation and cash generation over the long term".

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

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