ORCO Property Group- Press Release April 7th 2009

Unaudited consolidated 2008 full year results

<u>**Highlights for 2008 – 2009**</u>

1) **Sauvegarde Procedure :**
   a. A sauvegarde procedure was opened on March 25th 2009 by Commercial Court of Paris for a six month period
   b. Safeguard procedure gives the best conditions for Jean-François Ott and the management team to continue restructuring the Group operationally and financially
   c. Ongoing discussions with creditors will allow financial restructuring while preserving the full value of the Group's assets

2) **Accelerating the strategic and restructuring plan** :
   a. Refocusing on the main businesses and main cities
   b. Exiting non strategic businesses to preserve value and generate cash
   c. Financial restructuring for deleveraging Orco
   d. Streamlining organization and adapting costs structure

3) **Full Year Results (unaudited)**
   a. Revenues for 2008 slightly up to € 299,9 Million from €299,2 Million thanks to increase in rental revenues
   b. Full year net loss, part of Group, amounted €-390 Million including €-404 Million of impairment and IFRS adjustments of fair-value – due to the reduction of portfolio value
   c. The adjusted EBITDA amounts to € 65,9 Million vs € 66,1 Million in 2007
   d. The Net Asset Value amounts to € 42 per share at December 2008
   e. The audited annual accounts will be released when cash flow forecast with safeguard assumptions will be built in order to fulfill the going concern conditions

<u>**Next step: Exit from sauvegarde**</u>

Jean-François Ott, Founder and CEO has declared: "Orco Property Group's Full year results reflect the deteriorating economic conditions and the challenging slow down of real estate markets in 2008 which led to heavy decreases in the valuation of our real estate assets. Facing difficult conditions in its Central European markets in 2009, we have engaged in a sauvegarde procedure to preserve the value of its assets while accelerating its restructuring both financially and operationally. The strategic and financial plan we are actively implementing will lead us to exit the sauvegarde period focused, streamlined and profitable for the benefit of the company, shareholders and partners".

A) Orco Property Group SA under Court Protection

The Commercial Court of Paris, in a judgment of March 25th 2009, opened a "Procédure de sauvegarde", a safeguard procedure.

Having reviewed all options, strategic and financial, the Orco Property Group's board of directors has decided to apply for the company to benefit from a Court Protection from creditors.

A *Procédure de Sauvegarde* is a French legal provision that enables a company, which Centers of Decisions and Main Interests are located in France, to pursue operations while protecting its business from creditors' claims for a limited period of time to allow it to complete its restructuring plan. This process is reserved for companies who can demonstrate they are solvent (no "cessation de paiement"). This procedure was granted for an initial period of 6 months.

The French Sauvegarde procedure gives the best condition for the current management to pursue its efforts to restructure the company financially and operationally.

The Sauvegarde safely allows:

- To preserve unity and value of the Group around its Paris headquarters with continuity of actions of the current management
- To open discussions with creditors and financial partners
- To accelerate the restructuring plan
- To ensure continuity for all employees, suppliers and service providers

The sauvegarde procedure covers Orco Property Group SA, the Group's parent company, and Vinohrady SARL, a French subsidiary.

The period of Sauvegarde runs from March 25th to September 25th and can be renewed up to two six months period, at court discretion. Me Le Guernevé is Court administrator and will assist management during the period. While day to day management decisions are retained by the management, key strategic decisions are reviewed with the administrator or the Paris Court. The reorganization and Safeguard Plan will be proposed at the end of the period of Sauvegarde. A new judgment from the Commercial Paris Court will then occur.

B) Focus on cash generation: a restructuring plan for preserving and creating value

Faced with liquidity issues that may put at risk the integrity and value of its portfolio, the management team has been implementing the first phase of a restructuring plan focused on cash generation and preservation for its mother company Orco Property Group SA.

Orco Property Group SA's activity is to provide equity and shareholder loan funding for its real estate assets through the group subsidiaries, and to collect interests, loan reimbursements, dividends and proceeds from disposals. The management attention has concentrated into the later, particularly for the ventures and partnerships where Orco has been solely providing funding.

The 'Sauvegarde' procedure provides a legal and time frame for restructuring plan of the Group that enables the Company to accelerate its transition to a 'new Orco' :

- simplified and streamlined in terms of business and geographical presence
- integrated in terms of ownership and control of its subsidiaries
- centered on a cash flow sustainable Orco Property Group SA
- with a lighter, adapted cost-structure
- deleveraged by the restructuring of its bond and bank debts
- preserving the potential of its development pipeline

1. Focusing the Group's businesses

The sauvegarde procedure allows the management to select a number of assets it chooses to keep, according to strict criteria and profitability analysis. It safeguards the Group from fire sale disposals which would trigger a sharp loss of net asset value.

a) Increasingly focused investment properties

The core business of the new Orco shall be its investment properties producing recurrent cash flow with a focus on commercial properties only, mainly office and retail. Following a review of the different market conditions and the Group's potential in those markets, Orco will focus its investments in Prague and Berlin where Orco has the strongest track record in value creation. The second centers of interests for Orco will be Budapest, Düsseldorf and Warsaw. The investment property is targeted to represent 2/3rd of the future asset value of the consolidated group within 2011.

However, the exact perimeter of the investment properties business will depend on the results of the subsidiaries debt restructuring plan which is being launched, and the availability of external funding.

The investment properties business shall be run as a distinct profit centre and undertake selected development projects. Those developments shall be funded by excess cash flow and asset disposals.

The focus on investment properties goes with continuing investing into our asset management service businesses, wether for internal use or addressed to external clients (Endurance Fund).

b) A streamed residential development business

Residential development shall remain an important business for Orco, although the geographical scope will be scaled back to Orco's key Prague and Warsaw markets. Orco remains committed to residential development as underlying demand remains strong in those cities, while supply and competition should be reduced with the exit of several players. Orco can benefit from a unique land bank, mostly unlevered, and experienced teams and market positions having completed more than 170 projects since 1991.

The company shall therefore retain its key project management division.

Residential development shall be run as a distinct business within Orco. This business shall be self-financed thanks to its cash flow generation.

In the short term, the business will focus on projects generating cash in 2009/2010. The residential projects which construction has not started yet are on hold.

c) Land development

Land development is the reserve for future growth of Orco, even though Orco may not be able to fund the property development. Therefore, for our major plots like Bubny in Prague, Orco shall focus on land development ('aménagement') and resell the plots in pieces. Another Orco entity (fully owned or JVed) would have to buy it from the land development entity to properly develop it.

Funding is to be done through future sale of land and Joint Ventures. The availability of external equity as per the sauvegarde plan shall determine the rhythm of land development.

2. Exiting non strategic cities and businesses

Orco non strategic businesses were identified as being: logistics management and investment, residential investment properties, hospitality management and property management.

The management has decided to sell its activities in Moscow and Russia, specifically Molcom. The Group will be closing its offices in all Czech and German cities except Prague, Berlin and Dusseldorf, and has been fundamentally scaling back Bratislava or Budapest.
Development activities in Germany will be closed and the Group will dispose its land bank and projects.

'Sauvegarde' allows a timely realization of the disposal plan, avoiding a hasty fire sale of assets. We therefore anticipate that the disposal target of 200 mln € for the 12 months of 2009 shall be accomplished in 18 months by mid 2010.

The cash freed by disposals shall be focused in priority on the most advanced investment properties under development.

3. Orco's financial restructuring plan

The new finance team, run by Nicolas Tommasini, has been focusing restructuring efforts on cash management and debt restructuring. The main features of the financial restructuring plan are

a) **A new financial organization focused on cash management**

A new financial organization has been set up in Paris which reinforces Orco Property Group SA control over the group cash which is now centrally and 'top down' managed. The focus is on the mother company cash needs and cash return from its ventures and subsidiaries. The preservation of value focuses now on the mother company, who controls and prioritizes subsidiaries or ventures financing needs.

Sauvegarde has accelerated this process as cash outflows need to be greenlighted in Paris by either the 'administrateur judiciaire' or the judge during the whole procedure.

b) Management is sharply reducing capex through project selection

This cash prioritization goes with an increased selection of real estate project fundings (capex) that led to a decrease of planned capex to approximately approximately € 280 Million in 2009 (continuously down from original budget of € 630 Million as established in July 2008). The most strategic development projects, particularly those pre-leased or pre-sold, are secured.

A number of projects are under review with our banking partners whom with we have been working with for the past 18 years, construction partners and potential joint venture equity partners.

While higher risk, and/or lower return projects may be abandoned or sold, some of our flagship projects like the Budapest stock exchange (Vaci 1), the Zlota tower in Warsaw, or City Gate in Bratislava, are expected to benefit from the support of our various partners.

c) Debt restructuring for deleveraging Orco

The sauvegarde process includes a restructuring negotiation process of Orco Property Group's bonds debt, and other 'central' liabilities. This process is formal (constitution of committees), professional (framed by a court appointed creditors representative) and transparent. The outcome may lead to a rescheduling of the debt, and/ or partial debt abandon, and/or conversion into equity.

But sauvegarde, and the above mentioned project selection, shall also lead to an adaptation of the banking debt structure at the subsidiary levels. For current on-going development projects, the management believes Orco will get additional support from its long term banking partners so as to limit equity needs, as completion crystallizes value for all the stakeholders.

The objective of the debt restructuring plan, which we believe will take place over a period of 12 months, is a consolidated LTV ratio for the group inferior to 50% and a rescheduling of maturities.

d) Collecting cash from ventures and subsidiaries

Orco Property Group SA has been the <u>only</u> shareholder contributing to shareholder loans to ventures it partially or fully controls like Molcom, a partnership with Russian businessman Albert Akopyan ; Orco Germany, a partnership with a Morgan Stanley managed fund , also listed in Frankfurt. In several cases, the loan is either due or the venture has some cash that could reimburse the shareholder loan. Orco Property Group SA has lent in total € 104,7 Million as of today.

4. <u>Streamlining our organization and adapting our costs structure</u>

a) A new corporate organization tied up with a new financial team and a streamline top management led by Jean-François Ott

Following the management changes announced by founder & CEO Jean-François Ott mid February, the Group has been reorganized around headquarters office inParis where it was founded in 1991. The Paris office has gathered the functions of general management, financial management, legal management , communication, and Endurance general management. Nicolas Tommasini, Deputy CEO and CFO and Keith Lindsay, the Group COO, are also based in Paris.

Sauvegarde procedure accelerates concentration of all headquarters functions in Paris in order to allow the judicial control over Orco held in Paris.

The Luxembourg office, where the company has its legal seat, shall remain its administrative centre. The Prague office shall be the operational centre for development for the whole group, and shall oversee asset management in Central Europe. Berlin shall be an operational centre for asset management in Germany.Warsaw and Budapest shall keep country offices while Moscow are to be closed.

The restructuring include delisting of its secondary listings to save costs, and also eventually delisting subsidiaries.

b) Integrating subsidiaries and ventures

While some non strategic ventures would be disposed of, Orco plans to integrate further and increase its stake in ventures it does not fully control as an alternative to reimbursement of their shareholder loans. Most concerned would be Orco Germany, and Molcom before disposal. JV with external funding.

a) Cost cutting plan

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

The Group will be closing its offices in all Czech and German cities except Prague, Berlin and Dusseldorf, and has been fundamentally scaling back Bratislava or Budapest.

C) UNAUDITED CONSOLIDATED ACCOUNTS

The board of directors has decided not to publish the full annual report before being in a position to demonstrate the going concern. Nevertheless, the board has also decided to release unaudited figures that have been prepared under the going concern assumption in order to inform on the operating, financial performance and situation of the group as at December 2008. The group is currently preparing a cash flow forecast with sauvegarde assumptions in order to demonstrate that the going concern conditions are appropriate. Without going concern, all assets and liabilities would be valued as if they were to be sold immediately and all figures would accordingly be adjusted compared to what is published today.

I) Unaudited Consolidated Profit & loss

Unaudited figures in EUR thousands	December 2008	December 2007
Revenues	**299 926**	**299 229**
Other operating income	6 195	3 718
Net gain/loss on disposal of assets	-1 060	27 160
Cost of goods sold	-127 762	-147 833
Net result from fair value adjusment on investment property	-216 951	147 376
Salaries and employee benefits	-59 342	-58 198
Amortisation, impairments and provisions	-188 517	-17 027
Other operating expenses	-99 260	-77 321
OPERATING RESULT	**-386 771**	**177 104**
Interest expenses	-74 719	-66 345
Interest income	10 110	8 911
Foreign exchange result	-21 194	-5 662
Other net financial results	-41 839	-10 763
FINANCIAL RESULT	**-127 642**	**-73 859**
PROFIT BEFORE INCOME TAXES	**-514 413**	**103 245**
Income taxes	50 595	-2 341
NET PROFIT	**-463 818**	**100 904**
Attributable to minority interests	-73 258	13 396
ATTRIBUTABLE TO THE GROUP	**-390 560**	**87 508**

1) **The unaudited annual turnover for 2008 is estimated at € 299,9 Million vs € 299,2 Million achieved in 2007.**

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

Due to the sauvegarde procedure, targets for turnover for 2009 are currently under review.

Development : turnover and perspectives

The turnover was € 157,1 Million in 2008 vs € 192,8 Million in 2007. 764 units have been delivered in 2008 vs 1503 units in 2007 (Kosik at 50%). The group delivered 260 units from September to December 2008 as the teams obtained the occupancy permits for Kosik and Novy Medlanky III as announced in June. Over the full year 2008, 396 units have been booked in the accounts for The Czech Republic, the biggest contributors were 123 units for Hradec Kralove and 113 for Nove Medlanky (Brno). In Poland, 315 units have been recognized in revenues out of which 271 on Szafirowa Aleja. In Germany 45 units have been delivered.

Recent Events & perspectives:

Despite the significant slowdown that affected CEE markets, the operating margin of delivered projects was above 18%.

The new projects that were opened for sale in 2008 performed robustly, both in terms of pricing and pre-contracted units: Kosik 3, Citadella, Feliz Residence and Michle all in Prague. The backlog (total Forward Purchase Contracts) amounts to 569 units out of which 344 in The Czech Republic and 212 in Poland..

As in 2009 market demand isn't expected to be strong, Orco's new strategy guideline will be cash flow generation and preservation. New residential projects where sales and construction works have not started have been then put on hold. CAPEX is dedicated only to projects that have been already launched.

The group introduced innovative sales approach (such as "try before you buy"), viral marketing, and discounts on selected projects.

Rental Income

Rental revenues amounted to € 111,4 Million in 2008 compared to € 66,1 Million in 2007. The second biggest contributor after ORCO-GSG is Molcom in Moscow with revenues amounting to € 24,0 million for 12 months in 2008 compared to € 17.0 million for 9 months in 2007. Excluding GSG, the occupancy rates of the leasing portfolio reached 89% for office, 76% for residential, 85% for retail and 100% for industrial/logistics. The comparatively lower level of the residential portfolio's occupancy rate is solely because these buildings are sold on a unit per unit basis, generally free of tenants.

ORCO Gewerbe Höfe's update

Orco's biggest income producing portfolio with 49 buildings - performed well. ORCO GSG (Gewerbe Höfe)'s contribution to the group's total lease revenues amounts to € 45,3 million (vs a 6 months contribution to the group revenues with € 19,7 million in 2007).

In 2008, the occupancy rate of ORCO-GSG- totaling 800.000 sqm- increased by 3% to 74.6%. The net take-up of 24,922 sqm was 37.5% above the prior-year figure. The corresponding gross letting activities enhanced by 37% to 70,196 sqm in December 2008. ORCO-GSG was able to increase the average rent per sqm for commercial space from €5,92 in December 2007 to €6.07 in December 2008. ORCO-GSG's leasing income increased by 6,7% from 2007 to 2008. ORCO-GSG found new ways of attracting tenants by offering high-quality IT facilities, providing know-how to founders of new businesses. In conclusion, the rental income exceeded the expectations by over 4%.

The indicators at the end of first quarter 2009 show a further increase of occupancy rate and average leasing prices in 2009 though several of the more than 1.500 commercial tenants have to cope with challenging market conditions. ORCO-GSG supports them by providing not only competitive rentable area but also modern infrastructure and organisational support.

Recent Events & perspectives:

The Budapest team has signed one of the biggest rental transactions for Paris Department Store in Q1 2009 with Alexandra Bookstore on 1.700sqm. Alexandra Bookstore is the biggest book retailer and publisher in Hungary. With this transaction, the retail part of the building is rented at 95%. Today, the total pre-leases amount to 53% of the total surface. Discussions are currently on-going to rent the remaining offices space. The delivery is planned for Q2 2009. This transaction shows that well refurbished products in prime location can find quality tenants even in the current deteriorated environment.

Hospitality

Hospitality revenues amounted to € 37,7 Million in 2008 (vs € 42,9 Million in 2007). Suncani Hvar contributed to € 16 Million in 2008 vs € 12 Million in 2007. 50% of the Central European portfolio (with the exception of Pachtuv Palace) has been sold to AIG at the end of 2007 and therefore is only integrated at 50%. This is partially compensated by the opening of Pokrovka in Moscow and the full contribution of Adriana and Amfora in Hvar.

Recent Events & perspectives:

On last Suncani Hvar General Assembly, held on March 31st 2009, ORCO Property Group (holding 55,5% stake) and Croatian Privatisation Fund(CPF with 32% votes) have approved a swap of assets against shares between Suncani Hvar and the State of Croatia. The deal is divided in two steps: first, Suncani Hvar will dispose of two hotels (hotel Sirena and annex of hotel Dalmacija) and part of City loggia in favour of the CPF. In exchange, Suncani Hvar will get approximately 29% of its own shares held by the CPF. Out of this amount, 4% will be transferred to Suncani Hvar employees, free of charge. In a next step, the CPF would transfer those properties to the City of Hvar and the Catholic Church in exchange of solving all open ownership issues between Suncani Hvar, the City and the Catholic Church.

Orco Property Group's stake in SHH would then represent 74% of voting rights. The unbundling of the shareholder contract will allow implementing delayed restructuring measures.

Management services

The turnover amounts to €16,2 Million, much below our estimate. The fund raising market has severely slowed down and as a result the teams have had only very limited success in raising cash for the past year.

The residential fund still has € 120 Million equity to invest out of the € 220 Million committed. Given the adverse investment context, the fund is unlikely to invest this equity in the short term.

The dedicated fund management team is working hard to preserve investors' interests. The focus is on asset management for 2009 under the leadership of Paris based Christophe Manthe.

2) Net loss on fair value adjustments amounts to € 216,9 Million and impairments amount to € 188,5 Million

The group recognized a decrease in valuation on both investment properties and development. These elements are non cash. The independent expert (DTZ) recognized a general yield increase over the portfolio. The valuations differ strongly depending on the stage of advancement of buildings under construction and more generally their location. Secondary locations have been severely affected by the complete hold of the investment market. All buildings which require a (re)development or are not fully rented have significantly lost value. The global decrease in value on all land bank is reflecting a more risk adverse market. Due to the prime location of the groups developments and the achievements in getting prelease contracts, the management remains convinced of the upside at delivery remains high. Paris Department Store is a good example: in the December value, the lease agreement obtained with a book store had not yet occurred. Therefore, the management considers that the next valuation to come in June should take into account the higher level of visibility provided by this agreement.

Concerning ORCO GSG, the increase in exit yields and capitalization rates over one year used by the expert was more than compensated by the improvement of the operating profitability. As of December 2008, the GSG portfolio was valued at € 475 Million (Acquisition price : € 375 Million, December 2007's value : €437 Million, June 2008's value : €508 Million).

Finally, the market's attractivity of Moscow was strongly reduced, hence affecting Molcom's valuation which dropped - from € 92,1 to € 46,1 Million. - excluding the new warehouse currently under development (valued at € 7,8 Million)

3) Adjusted EBITDA

The adjusted EBITDA being the EBITDA after adjustment of the previous fair value gains, now included in the cost of goods and assets sold, amounts to € 65,9 Million vs € 66,1 Million in 2007. This calculation eliminates the impact of non cash contributions and reflects operating performances of the business lines.

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

Developments' adjusted EBITDA is negative at €-13 Million. This figure should not hide the maintained operating margin on delivered projects in a range of 18 to 20%. Two explanations account for the consolidated negative performance : i) the launch of new big projects like Zlota, Cumberland or Wertheim caused the group to recognize in its P&L a significant increase in research, sales and marketing costs ii) Germany's development contribution turnover was also cut to € 27,5 Million in 2008 vs € 56,2 Million in 2007 linked to a constant decrease in delivery of residential units. The management decided to stop all new residential projects in Germany. On the contrary, Germany's office development targeted turnover for 2010 will be significantly higher thanks to Sky Office (Dusseldorf) delivery planned on Q3 2009 and already pre-leased at 65%.

The renting adjusted EBITDA amounts to € 75 Million in 2008 vs € 31 Million in 2007. This strong increase is mainly linked to the full integration and operating performance of ORCO-GSG and Molcom.

The hospitality adjusted EBIDTA comes at € -3 Million in 2008 vs €11 Million in 2007. The negative contribution of Hvar is no longer compensated by the positive contribution of the historical Central European portfolio as 50% has been sold to AIG hospitality fund in November 2007.

4) Financial Results

Interest expenses amount to € 74,7 in 2008 vs € 66,3 Million in 2007 and reflects a higher level of debt linked to the increase of development financing where higher interest margins are applied by banks to reflect a higher level of risk.

Interest income amounts to € 10,1 Million vs € 8,9 Million in 2007. The improvement of cash management has enabled the group to generate a better profitability from its cash even though, in absolute terms, the cash position of the group has decreased over the period.

Other Net Financial results amount to € -41,8 Million vs € -10,7 Million in 2007.

Change in the fair value of derivative instruments essentially relates to movements in fair value of derivative instruments linked to bonds and in fair value of other derivatives (Interest Rate Swaps, options and forwards). This also includes the higher fair value losses of interest rate swaps given interest rates and currencies evolution. They amount to €-24,9 Million in 2008 vs €-7,7 Million in 2007.

Fair value and realized gains or losses on other financial assets essentialy relate to financial assets valued at fair value through profit and loss adjustments (investment in Endurance Fund compartments), and to short term trading instruments within the treasury management (loss on the investment into Les Nouveaux Constructeurs and in Novy Capital Fund). They amount to €-13,8 Million in 2008 vs €-3,9 Million in 2007.

5) Taxes

In 2008, the average applicable tax rate is 22.99% (31.95% in 2007) and the effective tax rate of the period is 10.03% (2007 : 2.27%). The income taxes recognized in the income statement amount to € -51.0 million and are composed of € 8.9 million of current income tax expenses and €59.9 Million of deferred income taxes gains recognized on negative revaluations and impairments booked on properties.

II) Unaudited Consolidated Balance Sheet

	December 2008 Closing balance	December 2007 Opening balance
NON-CURRENT ASSETS	**1 710 798**	**2 147 468**
Intangible assets	**57 074**	**67 016**
Investment property	**1 211 718**	**1 564 947**
Property, plant and equipment	**363 973**	**419 575**
Hotels and own-occupied buildings	245 273	294 170
Fixtures and fittings	19 027	21 036
Properties under development	99 673	104 369
Financial assets	**70 681**	**82 182**
Deferred tax assets	**7 352**	**13 748**
CURRENT ASSETS	**755 124**	**795 795**
Inventories	529 827	323 699
Trade receivables	36 962	64 891
Other receivables	97 248	115 610
Derivative instruments	5 098	22 396
Current financial assets	2 190	11 222
Cash and cash equivalent	83 799	257 977
TOTAL ASSETS	**2 465 922**	**2 943 263**
EQUITY	**427 663**	**939 835**
Shareholder's equity	306 445	736 012
Minority interest	121 218	203 823
LIABILITIES	**2 038 259**	**2 003 428**
Non current liabilities	**1 300 462**	**1 343 843**
Bonds	429 437	472 812
Financial debts	826 483	831 724
Derivative instruments	14 917	21 153
Provisions & other long term liabilities	29 625	18 154
Deferred tax liabilities	**167 904**	**243 940**
Current liabilities	**569 893**	**415 645**
Financial debts	309 836	175 216
Trade payables	59 518	50 220
Advance payments	61 120	101 678
Other current liabilities	101 037	83 659
Derivative instruments	38 382	4 872
TOTAL EQUITY AND LIABILITIES	**2 465 922**	**2 943 263**

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1) Net Asset Value at year end : management's estimates

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

Net equity equals to € 306 Million in 2008 vs € 736 Million in 2007.

The Net Asset Value per share amounts to € 42,64 vs € 91,67 in December 2007. The methodology of calculation for assets and stakes value is solely based on the portfolio real estate valuation. The loss in assets valuations is fully affecting the calculation. The number of shares increased from 10,8 Million to 10,9 Million over the year (due to dividend payment, partially in shares).

The values of the asset management company (Endurance fund), the hospitality management company (Mamaison Hotels & Apartments), the project management company, and the property management company are not valued.

2) The loan to value comes at 67,2%

The deterioration of the Loan To Value at 67,2% is explained by both a decrease in portfolio valuation to € 2,2 billion vs. € 2,4 billion in December 2007 and an increase of the net debt to € 1,480 billion. The drop in portfolio's value is explained by the valuation decrease posted by the valuers but also by the 2007 asset sales program. €186 Million of assets were indeed sold at 96% of DTZ value (as at December 2007, at valuation's peak) and €100 Million of cash was generated.

The sauvegarde's objective is to restructure all the liabilities of the group whether bonds at the mother company level or bank loans at the subsidiary level. The target of the restructuring is to reduce the Loan To Value ratio to the group's target of 50%.

3) Maturity of loans

The other non-current borrowings relate mainly to 50% of the equity loan granted to Hospitality Invest S.à r.l. by AIG, the joint-venturer.

The group's debt is hedged at 74,9% of the non-current floating rate borrowings (in 2007 : 70,1%) and 51,3% of the current floating rate borrowings (in 2007 : 43.7%).

Bank loans include amounts secured by a mortgage on properties (and/or a pledge on the shares of the companies benefiting from the loan) for € 1.087 billion (€ 967,1 million as at 31 December 2007).

Borrowings in € thousands

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

4) Inventories increase

The strong increase in inventories to € 530 Million (vs € 324 Million in 2007) illustrates the group's efforts to maintain capex on buildings which will generate turnover in 2009 and in 2010.

5) Cash & Cash equivalents

As of December 2008, the cash and cash equivalents consist of short term deposits for € 17.1 Million (€ 81.1 Million in 2007), cash in bank for € 66.5 Million (€ 176.6 Million in 2007) and cash in hand for € 0.2 Million (€ 0.3 Million in 2007).

Cash in bank include restricted cash (€ 55.0 million) representing:

- cash deposited in the Group's joint ventures as both parties' approval is needed for withdrawal (€ 7.8 Million)
- cash deposited in escrow accounts pledged as collateral for development projects and lifted after sales of units (€ 15.5 Million)
- cash deposited in escrow accounts pledged as collateral for loans related to the acquisition of property (€31.7 Million)

Communication schedule:

Mid-May : Audited Full Year results

September 25th : Court judgment on the prolongation or end of the Sauvegarde procedure.

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