

**ORCO PROPERTY GROUP
SOCIETE ANONYME**

**ANNUAL ACCOUNTS AND
AUDITORS' REPORT**

DECEMBER 31, 2009

40 Parc d'Activités de Capellen
L-8308 Capellen
R.C.S. Luxembourg: B 44.996

ORCO PROPERTY GROUP S.A.
R.C.S. Luxembourg: B 44.996

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ORCO PROPERTY GROUP S.A.
BALANCE SHEET
 December 31, 2009
 (in EUR)

ASSETS	2009	2008
FIXED ASSETS		
Intangible assets		
Concessions, patents, licences, trade marks (note 3)	37.050,00	-
Tangible assets		
Other fixtures and fittings, tools and equipment (note 3)	291.104,56	561.649,14
Financial assets (note 4)		
Shares in affiliated undertakings	234.940.543,09	350.264.112,25
Loans to affiliated undertakings	271.088.962,64	352.462.038,35
Securities held as fixed assets	10.061.618,37	28.517.353,76
Guarantee deposit and similar	208.085,00	200.000,00
Other loans	-	1.400.000,00
	<u>516.299.209,10</u>	<u>732.843.504,36</u>
	<u>516.627.363,66</u>	<u>733.405.153,50</u>
CURRENT ASSETS		
Debtors (due within one year) (note 5)		
Amounts owed by affiliated undertakings	34.564.252,09	24.803.880,19
Other debtors	1.871.437,98	3.574.582,85
	<u>36.435.690,07</u>	<u>28.378.463,04</u>
Transferable securities (note 6)		
Shares in affiliated undertakings	433.259,49	1.750.105,06
Own shares	58.337,41	814.353,02
Own bonds	-	6.744.513,48
Other transferable securities	337.224,43	483.749,49
	<u>828.821,33</u>	<u>9.792.721,05</u>
Cash at banks and in hand	4.464.324,17	6.051.983,15
	<u>41.728.835,57</u>	<u>44.223.167,24</u>
PREPAYMENTS AND ACCRUED INCOME (note 7)	9.934.789,89	12.577.293,48
TOTAL ASSETS	<u>568.290.989,12</u>	<u>790.205.614,22</u>

The accompanying notes form an integral part of these annual accounts.

ORCO PROPERTY GROUP S.A.
BALANCE SHEET
 December 31, 2009
 (in EUR)

LIABILITIES	2009	2008
CAPITAL AND RESERVES (note 8)		
Share capital	44.869.850,60	44.869.850,60
Share premium	400.524.345,06	400.524.345,06
Legal reserve	4.106.864,20	4.106.864,20
Other reserves	58.337,41	814.353,02
Profit/(loss) brought forward	(200.134.566,99)	39.619.315,79
Loss for the financial year	(217.681.222,92)	(240.509.898,39)
	<u>31.743.607,36</u>	<u>249.424.830,28</u>
PROVISIONS FOR LIABILITIES AND CHARGES		
Provisions for taxes (note 9)	-	698.855,40
Other provisions (note 10)	4.524.229,78	8.060.589,47
	<u>4.524.229,78</u>	<u>8.759.444,87</u>
CREDITORS		
Due and payable within one year		
Non-convertible bonds (note 11)	61.608.331,73	11.139.992,57
Amounts owed to affiliated undertakings	4.529.241,84	42.949.988,93
Other creditors (note 12)	22.318.626,12	9.153.885,21
	<u>88.456.199,69</u>	<u>63.243.866,71</u>
Due and payable after more than one year		
Amounts owed to affiliated undertakings	53.823.596,04	41.144.597,69
Convertible bonds (note 11)	203.820.634,08	195.545.793,33
Non-convertible bonds (note 11)	185.922.722,17	232.087.081,34
	<u>443.566.952,29</u>	<u>468.777.472,36</u>
TOTAL LIABILITIES	<u>568.290.989,12</u>	<u>790.205.614,22</u>

The accompanying notes form an integral part of these annual accounts.

ORCO PROPERTY GROUP S.A.
PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2009
(in EUR)

	2009	2008
CHARGES		
Other external charges	11.944.502,92	7.761.363,67
Staff costs (note 14)		
Wages and salaries	1.158.532,46	623.681,48
Social security costs	74.609,15	43.620,35
Value adjustments in respect of tangible and intangible fixed assets (note 13)	230.076,04	72.235,78
Value adjustments in respect of current assets	-	500.000,00
Value adjustments in respect of financial fixed assets and of transferable securities held as current assets (note 13)	199.529.000,28	224.116.537,07
Interest payable and similar charges		
Affiliated undertakings	4.554.489,60	3.491.809,96
Other interest payable and charges (note 15)	29.847.600,93	60.678.872,82
Realised loss on tangible and financial assets (note 21)	16.636.884,28	-
Realised loss on transferable securities (note 22)	19.126.021,09	13.184.240,68
Other taxes (note 9)	48.931,00	509.221,00
	<u>283.150.647,75</u>	<u>310.981.582,81</u>
 INCOME		
	2009	2008
Net turnover (note 16)	1.611.967,86	526.536,81
Value adjustments release in respect of current assets	225.000,00	-
Income from participating interests		
Affiliated undertakings (note 17)	18.341.678,53	24.185.887,52
Income from transferable securities and from loans forming part of financial fixed assets (note 18)		
Affiliated undertakings	39.263.611,37	33.144.128,80
Other	900.559,01	1.883.597,25
Other interest receivable and similar income		
Affiliated undertakings	5.126.608,06	5.349.212,50
Realised gains on tangible and financial assets (note 21)	-	5.382.321,54
Loss for the financial year	217.681.222,92	240.509.898,39
	<u>283.150.647,75</u>	<u>310.981.582,81</u>

The accompanying notes form an integral part of these annual accounts.

ORCO PROPERTY GROUP S.A.
NOTES TO THE ACCOUNTS
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December 31, 2009

NOTE 1 - GENERAL

ORCO PROPERTY GROUP S.A. (the "Company") was incorporated under the Luxembourg Companies Law on September 9, 1993 as a limited company (société anonyme) for an unlimited period of time.

The registered office of the Company is established in Capellen.

The Company has for object the taking of participating interests, in whatsoever form in either Luxembourg or foreign companies, especially in real estate companies in Germany, Czech Republic, Hungary, Poland and other countries of Eastern Europe and the management, control and development of such participating interests. ORCO PROPERTY GROUP S.A., through its subsidiaries, rents and manages real estate and hotels properties composed of office buildings, apartments with services, luxury hotels and hotel residences, it also develops real estate projects as promoter.

ORCO PROPERTY GROUP S.A. prepares consolidated accounts, which can be obtained at the registered office.

NOTE 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

2.1 Basis of preparation and Going concern

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.

2.1.1 Going concern

In determining the appropriate basis of preparation of the annual accounts, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

2.1.2 2009 results

In the year ended December 31, 2009, the Company made a loss of EUR 217,7 million out of which EUR 199,5 million for lower valuation due to the financial crisis and EUR 16.6 million for net realised loss on sales of tangible and financials assets.

2.1.3 "Procédure de Sauvegarde"

Beginning of 2009, Orco Property Group's Board of Directors decided to apply for the Company to benefit from a Court Protection from creditors ("Procédure de Sauvegarde"). A Court Hearing was held on March 25, 2009 with the Paris Commercial Court ("Tribunal de Commerce de Paris"). The same day, the Court rendered a judgement opening the "Procédure de Sauvegarde" for Orco Property Group S.A., the Group's parent company, and Vinohrady S.à r.l., a French subsidiary, for a renewable six months period. Since then, the initial period has been prolonged twice with last period end in June 2010. By the end of March 2010 a Plan de Sauvegarde will be circulated to all the Company's creditors and submitted for approval before the end of the Procédure de Sauvegarde to the Court. The Board of Directors and the management are confident that the plan prepared forms a sustainable business plan allowing the Company to repay the bonds and other debts over the coming ten years.

During the Sauvegarde period, all the liabilities prior to the judgement pronouncement are frozen. This means that, except for a Court decision to early terminate the Sauvegarde which is seen by the management and the Board of Directors as extremely unlikely, interests on debts and bonds continue to be accrued based on contractual arrangements but the Company is exempted to repay any liabilities until the end of the Sauvegarde.

2.1.4 Restructuring plan implemented by management

The Sauvegarde procedure has provided a legal time frame for the implementation of the restructuring plan of the Company 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 S.A.
- adapted and lighter cost-structure
- lowered pressure on the short term liquidity by the restructuring of its bond and bank debts
- preserved potential of the development pipeline.

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 the Company. Therefore, the necessary actions aiming at returning to profit are implemented. The actions include: selling non core businesses, restructuring of the issued bond debts, improving margins through a cost reduction programme (reduction of operating expenses and investments),etc.

Many progresses have been made in the restructuring plan of the Group under the protection of the Safeguard procedure opened on March 25, 2009:

- A calendar has been set with the circularization of the Plan de Sauvegarde proposing a term out over ten years of all the Company debt to be submitted for approval before the end of the Procédure de Sauvegarde to the Court.
- In its restructuring plan the Group has identified assets and activities which are not strategic and/or which financing or cash flows are problematic. Those assets and activities have to be restructured or sold if restructuring can't be achieved in the short or medium term. Some of these assets or activities have already been sold as at June 2009 and particularly the property management activities, the residential Project Fehrbelliner Hofe in Berlin and the residential project City Gate in Bratislava.
- The restructuring of the operations and teams has already led to significant operating expenses decrease compared to 2008. The cost reduction plan already generates improvements with the sum of employee benefits and the other operating expenses decreasing. The decrease would have been sharper without all the legal and consulting costs specific to the Safeguard procedure amounting to EUR 3 million.
- The management is currently discussing with all its joint venture and investment partners in order to restore the liquidity of its loans granted to these joint ventures by having them repaid either in cash or converted in equity. In particular, some achievements with agreements finalized can already be reported :
 - An agreement has been finalized with our Hospitality joint venture partner whereby EUR 20 million out of Orco Property Group S.A EUR 46 million shareholder loan will be restructured once all conditions are met. Our partner will inject EUR 10 million in cash in Hospitality Invest for partial repayment to the Company, while EUR 10 million of shareholder loan will be converted into equity in the joint venture leaving both partners at a 50% shareholding.

ORCO PROPERTY GROUP S.A.
NOTES TO THE ACCOUNTS

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December 31, 2009

- An agreement has been reached on the conversion of its EUR 17,6 million shareholder loan in Orco Germany S.A. into equity. This operation is made possible thanks to an agreement signed by ORCO Germany S.A., MSREF V Turtle B.V. (an investment vehicle managed by Morgan Stanley currently holding 28.91% of ORCO Germany S.A.) and the Company on August 26, 2009. Once all conditions precedents are met, the loan will be converted into 10,991,750 ORCO Germany S.A. new shares at an issue price of EUR 1.60 per share where December 2009 net asset value stood at €1.73, increasing the Group control from 58.10% to a 65% stake in its subsidiary.
- The cash flow forecast that was established with the support of Grant Thornton in order to demonstrate the Company's ability to implement a recovery plan with the objective to finance its cash needs has proven to be conservative compared to the actual cash flows. This was mainly achieved as a result of the lower operating costs and the Group's ability to continue deliver residential projects and respond to the market demand that has not disappeared (the market depth has been notably very different from one city to another over the last months).

Furthermore solutions where the equity of the Company can be increased by injection of fresh cash are also studied.

2.1.5 Risks and uncertainties on the ability of the Company to continue as a going concern

The Company's status as a going concern depends mainly and directly on the approval of the "Plan de Sauvegarde" by the "Tribunal de Commerce de Paris", the successful achievement of an operating and financing restructuring plan and the disposal plan of non strategic assets, the nature and impact of which cannot be measured at this stage.

The financial performance of the Company is also dependent upon the wider economic environment in which the Group operates. The uncertainty of the evolution of real estate market in Central Europe could damage the Group's activity and slow down the asset sales program. It should be noted that this environment has generally been stabilized over the last months of 2009.

2.1.6 Conclusion

Upon the information made available, the Directors estimate that a rescheduling of its debt is highly probable within the safeguard framework, that residential sales and selective asset sales will continue. The renegotiation of certain debts and the sale of some assets are essential to the realization of the recovery plan. Should the Company not be able to implement those, the going concern would not be assured. Thus, the annual accounts would have to be amended to an extent which today cannot be estimated in respect of the valuation of the assets at their liquidation value, the incorporation of any potential liability and the reclassification of non current assets and liabilities into current assets and liabilities.

Considering the situation described above, the Directors have concluded that:

1. the current circumstances present uncertainties that cast some doubt on the Company's ability to continue as a going concern
2. considering the expected outcome of the safeguard period and restructuring program, and after making appropriate enquiries, there is a reasonable expectation that the Company can continue its operations in the foreseeable future and, accordingly, have formed a judgement that it is appropriate to prepare annual accounts upon a going concern basis.

2.2 Conversion of foreign currencies

The company maintains its accounting records in Euro (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 securities held as fixed assets as well as income and charges in currencies other than EUR are converted into EUR 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 securities held as fixed assets expressed in another currency than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are revalued at the closing rate. Unrealised gains and losses on those revaluations are recorded in the profit and loss account under interest payable and similar charges.

2.3 Intangible and tangible fixed assets

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

2.4 Financial assets

Financial assets are valued individually at their acquisition cost or nominal value (for loans). Should a permanent diminution in value occur in the value of a participation, a security held as fixed assets or a loan, its carrying value will be reduced to recognise the decline. The reduction in the carrying value will be reversed should the reasons for the reduction no longer exist.

2.5 Debtors

Loans and advances other than financial fixed assets are valued at their nominal value. A value adjustment is carried out when the estimated realisable value is lower than the nominal value.

2.6 Transferable securities

Transferable securities are valued at the lowest of their acquisition price or market value at the balance sheet date. The acquisition price includes the purchase price and the ancillary fees. The valuation is made individually and without any compensation between individual unrealized gains and losses. The market value is based on the latest available quote on the valuation day for transferable securities listed on a stock exchange or the last available net asset value for investment funds.

2.7 Provisions for liabilities and charges

Provisions to be constituted in order to cover the foreseeable risks and charges are examined by the Board of Directors at the end of each accounting year by taking into account the prudence principle. The provisions constituted during the preceding periods are reviewed and reversed if they are no more necessary.

2.8 Non-convertible bonds and convertible bonds

Bonds and convertible bonds are recorded at their reimbursement value. Where the amount repayable is greater than the amount received, the difference is shown as an asset under the caption "Prepayment and accrued income" and is written off over the period of the bonds on a linear basis under the caption "Interest payable and similar charges". Financing fees linked to the issuance of those bonds are also recorded in "Prepayment and accrued income" and are amortised through the profit and loss account over the period of the bonds under the caption "Interest payable and similar charges".

2.9 Financial instruments

The company may enter into financial instruments such as options, swaps or foreign exchange contracts to cover its currency or interest rate risks or the ones of its subsidiaries. Financial instruments are valued at fair value based on valuation techniques. Unrealised losses are recorded under the caption "Other provisions", unrealised gains are not recorded.

NOTES TO THE ACCOUNTS

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December 31, 2009

NOTE 3 - INTANGIBLE AND TANGIBLE ASSETS

	Intangible assets EUR	Tangible assets EUR
Acquisition price, beginning of year	-	621.535,27
Additions for the year	37.050,00	-
Disposals for the year	-	(106.153,36)
	<hr/>	<hr/>
Acquisition price, end of year	37.050,00	515.381,91
Accumulated depreciation, beginning of year	-	(59.886,13)
Depreciation for the year	-	(230.076,04)
Reversals for the year	-	65.684,82
	<hr/>	<hr/>
Accumulated depreciation, end of year	-	(224.277,35)
	<hr/>	<hr/>
Net value, end of year	37.050,00	291.104,56

The software booked in accounts 2008 (and fully depreciated) has been replaced by a new software during the year.

NOTE 4 - FINANCIAL ASSETS

Financial assets consist of equity participations acquired or created by ORCO PROPERTY GROUP S.A., and loans and advances to companies in which the company holds an interest.

The movements of the year are as follows:

	Shares in affiliated undertakings EUR	Loans to affiliated undertakings EUR	Securities held as fixed assets EUR	Guarantee deposit and similar EUR	Other loans EUR	Total EUR
Gross book value, at the beginning of the year	454.974.086,51	446.306.502,10	31.106.753,64	200.000,00	1.400.000,00	933.987.342,25
Additions for the year	63.968.231,90	65.365.919,47	911.424,00	8.085,00	-	130.253.660,37
Disposals for the year	(23.376.992,27)	(106.973.264,48)	-	-	-	(130.350.256,75)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross book value, at the end of the year	495.565.326,14	404.699.157,09	32.018.177,64	208.085,00	1.400.000,00	933.890.745,87
Value adjustments at the beginning of the year	(104.709.974,26)	(90.885.368,00)	(2.589.399,88)	-	-	(198.184.742,14)
Depreciation for the year	(219.052.091,69)	(76.344.417,48)	(19.367.159,39)	-	(1.400.000,00)	(316.163.668,56)
Reversal	63.137.282,90	33.619.591,03	-	-	-	96.756.873,93
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Value adjustments at the end of the year	(260.624.783,05)	(133.610.194,45)	(21.956.559,27)	-	(1.400.000,00)	(417.591.536,77)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value, at the end of the year	234.940.543,09	271.088.962,64	10.061.618,37	208.085,00	0,00	516.299.209,10

ORCO PROPERTY GROUP S.A.

NOTES TO THE ACCOUNTS

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December 31, 2009

Loans to affiliated undertakings

Loans to affiliated undertakings are divided into two categories: operating loans and equity loans.

Loans bear interest rate of 8%. The maturity date of the loans is 2020.

The Board of Directors of the Company is of the opinion that a few affiliated undertakings of the Company are permanently impaired as at December 31, 2009 and that the ability of these undertakings to reimburse the loans granted to them by the Company is seriously compromised. Therefore, all loans to affiliated undertakings with a negative net equity as at December 31, 2009 are value adjusted to the highest amount between zero and the net assets of each concerned affiliated undertaking as at December 31, 2009.

Loans and related adjustments are detailed as follows:

Company	Country	Loan	Impairment on Loan	Net Loan	Accrued Interest	Impairment on accrued interest	Net accrued interest	Net Receivable
		EUR	EUR	EUR	EUR	EUR	EUR	EUR
1.Sportovni,a.s.	Czech Republic	6 639 374	-4 896 455	1 742 919	549 093	-	549 093	2 292 012
Ambiance Beaute Sarl	Belgium	3 950	-3 950	-	-	-	-	-
Americká - Orco, a.s	Czech Republic	184 808	-	184 808	3 777	-	3 777	188 585
Americká 1,a.s.	Czech Republic	378 122	-	378 122	145 064	-	145 064	523 186
Americká 33,a.s.	Czech Republic	60 053	-	60 053	1 854	-	1 854	61 907
Americká Park, a.s.	Czech Republic	915 803	-	915 803	81 305	-	81 305	997 107
Anglicka 26, s.r.o.	Czech Republic	-	-	-	11 064	-	11 064	11 064
Ariah Kft	Hungary	5 396 150	-5 396 150	-	428 069	-428 069	-	-
BCC - Brno City Center, a.s.	Czech Republic	4 376 350	-	4 376 350	446 970	-	446 970	4 823 321
Belgicka-Na Kozacce,s.r.o.	Czech Republic	482 551	-	482 551	94 464	-	94 464	577 015
Bubny development, s.r.o.	Czech Republic	24 547 285	-	24 547 285	1 788 218	-	1 788 218	26 335 503
Capellen Invest s.a.	Luxembourg	6 583 527	-2 721 759	3 861 768	533 716	-	533 716	4 395 484
CEREM SA	Luxembourg	40 856 518	-31 536 725	9 319 793	2 456 162	-	2 456 162	11 775 955
Certuv ostrov a.s.	Czech Republic	8 386 627	-8 386 627	-	965 382	-965 382	-	-
Darilla, a.s.	Czech Republic	49 121	-49 121	-	991	-	991	991
Development Doupovská, s.r.o.	Czech Republic	1 031 464	-	1 031 464	81 288	-	81 288	1 112 752
Diana Property, Sp. z o.o.	Poland	75 641	-	75 641	3 168	-	3 168	78 810
Diana Property, Sp. z o.o.	Poland	762 255	-	762 255	10 551	-	10 551	772 805
Endurance Hospitality Asset	Luxembourg	96 651	-96 651	-	7 732	-7 732	-	-
Endurance Hospitality Finance, s.à.r.l.	Luxembourg	37 018 753	-	37 018 753	-	-	-	37 018 753
Endurance Real Estate Management Company,s.a.	Luxembourg	3 880 000	-	3 880 000	100 609	-	100 609	3 980 609
Hagibor Office Building, a.s.	Czech Republic	1 623 916	-	1 623 916	1 726 650	-	1 726 650	3 350 566
IPB Real,s.r.o.	Czech Republic	2 174 167	-1 074 316	1 099 851	161 793	-	161 793	1 261 644
Jihovýchodni Mesto,a.s.	Czech Republic	8 486 871	-	8 486 871	657 522	-	657 522	9 144 392
M & O Sp z.o.o.	Poland	2 008 209	-15 121	1 993 088	161 342	-	161 342	2 154 430
Machova-Orco, a.s.	Czech Republic	-	-	-	51 098	-51 098	-	-
Meder 36 Kft	Hungary	1 113 049	-1 113 049	-	88 023	-88 023	-	-
Megaleiar A.S.	Czech Republic	646 491	-	646 491	44 769	-	44 769	691 260
Mikhailovka Land o.o.o.	Russia	3 471	-	3 471	-	-	-	3 471
MMR Management, s.r.o.	Czech Republic	85 408	-	85 408	7 269	-	7 269	92 678
MMR Russia sàrl	Luxembourg	39 614 671	-1 473 079	38 141 592	7 392 568	-	7 392 568	45 534 160
MMR Yugoslavia	Yugoslavia	22 994	-22 994	-	-	-	-	-
Na Poříčí, a.s.	Czech Republic	3 516 360	-	3 516 360	890 988	-	890 988	4 407 348
Nupaky a.s.	Czech Republic	4 024 315	-	4 024 315	330 589	-	330 589	4 354 905
Office II Invest, s.a.	Luxembourg	932 095	-326 827	605 268	-	-	-	605 268
Onset a.s.	Czech Republic	2 449 942	-1 174 248	1 275 694	186 570	-	186 570	1 462 264
Orco Estate,s.r.o.	Czech Republic	1 028 370	-	1 028 370	76 975	-	76 975	1 105 345
Orco Financial Services, s.r.o.	Czech Republic	170 414	-170 414	-	15 813	-15 813	-	-
Orco Investment,a.s.	Czech Republic	1 582 553	-	1 582 553	145 886	-	145 886	1 728 438
Orco Praga, s.r.o.	Czech Republic	5 163 627	-2 748 663	2 414 964	423 682	-	423 682	2 838 646
Orco Prague,a.s.	Czech Republic	1 364 140	-	1 364 140	278 057	-	278 057	1 642 197
Orco Adriatic d.o.o.	Croatia	2 547 219	-1 402 132	1 145 087	114 939	-	114 939	1 260 026
Orco Blumentálska, a.s.	Slovakia	11 868 978	-11 868 978	-	945 691	-945 691	-	-
Orco Bucharest	Romania	2 511	-2 511	-	-	-	-	-
Orco Budapest Zrt.	Hungary	5 247 620	-5 247 620	-	354 968	-354 968	-	-
Orco Commercial Sp. z o.o.	Poland	6 169 809	-1 060 412	5 109 397	486 080	-	486 080	5 595 477
Orco Construction Sp. z o.o.	Poland	4 759 117	-4 070 562	688 555	382 028	-	382 028	1 070 583
Orco Development Kft	Hungary	9 430	-9 430	-	1 179	-1 179	-	-
Orco Development Sp. z o.o.	Poland	3 066 627	-3 066 627	-	239 716	-239 716	-	-

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Company	Country	Loan	Impairment on Loan	Net Loan	Accrued Interest	Impairment on accrued interest	Net accrued interest	Net Receivable
		EUR	EUR	EUR	EUR	EUR	EUR	EUR
ORCO Development, s.r.o.	Slovakia	5 665 414	-	5 665 414	448 064	-	448 064	6 113 478
Orco Enterprise Sp. z.o.o.	Poland	5 910 804	-1 764 320	4 146 484	417 469	-	417 469	4 563 953
Orco Estate Sp.z.o.o.	Poland	1 663 741	-1 663 741	-	133 075	-133 075	-	-
ORCO Estates, s.r.o.	Slovakia	10 924 282	-9 300 565	1 623 717	848 463	-	848 463	2 472 180
Orco Germany s.a.	Luxembourg	17 038 130	-	17 038 130	1 341 199	-	1 341 199	18 379 329
Orco Logistic Sp. Z.o.o.	Poland	6 278 518	-4 692 527	1 585 991	505 453	-	505 453	2 091 444
Orco Pokrovka Management o.o.o.	Russia	486	-486	-	-	-	-	-
Orco Poland Sp. z o.o.	Poland	2 241 529	-1 724 044	517 485	129 718	-	129 718	647 203
Orco Property Sp. z o.o.	Poland	14 219 698	-	14 219 698	1 232 232	-	1 232 232	15 451 929
Orco Razvoj, d.o.o.	Croatia	1 012 215	-547 360	464 855	80 977	-	80 977	545 832
Orco Residence, s.r.o.	Slovakia	1 402 987	-1 402 987	-	112 239	-112 239	-	-
Orco Residential Sp. z o.o.	Poland	7 067 257	-	7 067 257	543 774	-	543 774	7 611 031
Orco Russian Retail, SA	Luxembourg	16 754 027	-16 754 027	-	1 334 550	-1 334 550	-	-
ORCO Slovakia, s.r.o.	Slovakia	463 330	-366 937	96 393	26 831	-	26 831	123 224
Orco Vagyonkezelő, Kft.	Hungary	916 975	-	916 975	66 427	-	66 427	983 401
Orco-Molcom B.V.	Netherlands	3 073 673	-	3 073 673	303 737	-	303 737	3 377 411
Orco-Molcom B.V.	Netherlands	30 432 080	-	30 432 080	3 074 705	-	3 074 705	33 506 785
Pachtuv Palac s.r.o.	Czech Republic	5 685 527	-3 160 119	2 525 408	408 301	-	408 301	2 933 709
Palito, a.s.	Czech Republic	129 547	-89 039	40 508	5 332	-	5 332	45 840
Prvni Kvintum Praha a.s.	Czech Republic	701 738	-	701 738	43 510	-	43 510	745 247
Residence Masaryk, a.s.	Czech Republic	6 762 480	-2 358 443	4 404 037	655 264	-	655 264	5 059 301
Suncani HVAR, d.d.	Croatia	8 544 410	-	8 544 410	1 326 946	-	1 326 946	9 871 356
Theonia Entreprises Company Ltd	Cyprus	2 990	-	2 990	-	-	-	2 990
TQE Asset, a.s.	Czech Republic	282 407	-	282 407	1 294 663	-	1 294 663	1 577 071
Vinohrady s.a.r.l.	France	534 635	-	534 635	51 375	-	51 375	586 010
Viterra Cescka spol. S.r.o.	Czech Republic	1 851 179	-1 851 179	-	215 177	-215 177	-	-
Yuli Kft	Hungary	3 731 723	-	3 731 723	115 262	-	115 262	3 846 985
		404 699 157	-133 610 194	271 088 963	37 588 413	-4 892 712	32 695 701	303 784 664

Securities held as fixed assets

The Company holds 3.151.874,96 units of the Endurance Real Estate Fund for Central Europe, a mutual investment fund launched by the Company in 2005, for an acquisition price of EUR 32.018.177,64, detailed as follows:

	Number of units	Estimated NAV as at 31/12/2009	Acquisition cost	Value adjustments	Carrying value
		EUR	EUR	EUR	EUR
Office sub-fund	2.251.819,38	3,69	23.585.017,00	(15.280.307,13)	8.304.709,87
Residential sub-fund	900.055,582	1,95	8.433.160,64	(6.676.252,14)	1.756.908,50
			32.018.177,64	(21.956.559,27)	10.061.618,37

Estimated NAV as at December 31, 2009, is based on published NAV as at September, 2009, on which a discount of 20% is applied.

Guarantee deposit and similar

The Company has paid EUR 200.000,00 as guarantee deposit to KBC Bank N.V. for a cash pooling agreement between all bank accounts opened by the Company with other banks from KBC Bank's group and other various guarantee deposits for EUR 8.085,00.

Other loans

On December 4, 2008, the Company has granted a seller's financing of EUR 1.4 million (which is fully impaired as of 31 December 2009 as a result of the termination of the consulting contract with that company) to Vignette Investissements S.A., a French company managed by Keith Lindsay, against transferring 10% of the shares of MMR Management s.r.o., a limited liability company, incorporated under Czech's Law and a wholly owned subsidiary of the Company to Vignette Investissements S.A.. This advance is granted for a period of 7 years ending on December 31, 2015 and bears an interest rate of 5% per year payable annually.

Affiliated undertakings

The Board of Directors of the Company is of the opinion that a few affiliated undertakings of the Company are permanently impaired as at December 31, 2009. Therefore, all shares in affiliated undertakings with their net equity significantly lower than their acquisition cost as at December 31, 2009, are value adjusted to the highest amount between zero and the net equity of each concerned affiliated undertaking as at December 31, 2009.

Undertakings in which the Company holds at least 20% in their share capital are detailed in the table on the following page.

In accordance with article 67 (3) (a) of the law dated December 19, 2002, the Company is not presenting the capital and reserves and the profit and loss of its subsidiaries which are included in the consolidated financial statements of the Company available on the website www.orcogroup.com.

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Participations are detailed as follows:

Company	Country	Local currency	% held	Acquisition cost 31/12/2009 '000 EUR	Acquisition cost 31/12/2008 '000 EUR	Purchased / Acquired in 2009 '000 EUR	Sold / Liquidated in 2009 '000 EUR	Value adjustment in prior years '000 EUR	Value adjustment in 2009 '000 EUR	Net book value in 2009 '000 EUR
1.Sportovni,a.s.	Czech Republic	CZK	100%	1.130,37	1.130,37	-	-	(1.130,37)	-	-
Americka 1,a.s.	Czech Republic	CZK	100%	1.567,54	1.567,54	-	-	(386,77)	(489,69)	691,08
Americka 33,a.s.	Czech Republic	CZK	100%	344,84	344,84	-	-	-	-	344,84
Americka- Orco,a.s	Czech Republic	CZK	100%	780,29	780,29	-	-	-	-	780,29
Americka Park, a.s.	Czech Republic	CZK	100%	1.877,57	1.877,57	-	-	-	(1.329,07)	548,50
Anglicka 26,s.r.o.	Czech Republic	CZK	100%	5.005,25	308,05	4.697,20	-	-	(3.272,93)	1.732,32
Ariah Kft	Hungary	HUF	100%	3.189,74	3.189,74	-	-	-	(3.189,74)	-
BCC - Brno City Center, a.s.	Czech Republic	CZK	100%	9.755,80	8.491,44	1.264,36	-	-	(1.619,34)	8.136,46
Belgicka-Na Kozacce,s.r.o.	Czech Republic	CZK	100%	1.206,49	1.206,49	-	-	-	(276,35)	930,14
Beta Development, s.r.o.	Czech Republic	CZK	100%	25,81	7,11	18,70	-	(7,11)	(18,70)	-
Bubenska 1 a.s.	Czech Republic	CZK	100%	987,21	987,21	-	-	-	-	987,21
Brno Centrum,s.r.o.	Czech Republic	CZK	-	-	831,59	-	(831,59)	-	-	-
Bubny development, s.r.o.	Czech Republic	CZK	99,92%	21.261,47	21.261,47	-	-	-	(4.495,82)	16.765,65
Capellen Invest, s.a.	Luxembourg	EUR	100%	2.182,64	2.182,64	-	-	(2.182,64)	-	-
Central European Real Estate Management S.A. (CEREM)	Luxembourg	EUR	100%	31,00	31,00	-	-	(31,00)	-	-
Certuv ostrov a.s.	Czech Republic	CZK	94,68%	4.668,19	70,48	4.597,71	-	(70,48)	(4.597,71)	-
City Gate, s.r.o.	Slovakia	SKK	-	-	8.695,05	-	(8.695,05)	(1.414,49)	1.414,49	-
CWM 35 Kft	Hungary	HUF	100%	21.116,10	21.116,10	-	-	(6.576,95)	(5.610,65)	8.928,50
Development Doupovská, s.r.o.	Czech Republic	CZK	100%	2.391,82	2.391,82	-	-	-	(1.663,57)	728,25
Diana Property sp zoo	Poland	PLN	100%	776,65	776,65	-	-	-	-	776,65
Endurance Hospitality Asset, sàrl	Luxembourg	EUR	88,10%	11,01	11,01	-	-	(11,01)	-	-
Endurance Hospitality Finance, sàrl	Luxembourg	EUR	88,10%	11,01	11,01	-	-	-	-	11,01
Endurance Real Estate Management Company, s.a.	Luxembourg	EUR	100%	125,00	125,00	-	-	-	-	125,00
Enor hungary kft	Hungary	HUF	100%	1,93	1,93	-	-	-	(1,93)	-
Hagibor Office Building, a.s. (ex Orco Realty a.s.)	Czech Republic	CZK	100%	22.287,27	65,05	22.222,22	-	(65,05)	(19.867,88)	2.354,34

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Company	Country	Local currency	% held	Acquisition cost 31/12/2009 '000 EUR	Acquisition cost 31/12/2008 '000 EUR	Purchased / Acquired in 2009 '000 EUR	Sold / Liquidated in 2009 '000 EUR	Value adjustment in prior years '000 EUR	Value adjustment in 2009 '000 EUR	Net book value in 2009 '000 EUR
IPB Real Reality as	Czech Republic	CZK	100%	10,59	10,59	-	-	(3,59)	3,59	10,59
IPB Real sro	Czech Republic	CZK	100%	500,48	500,48	-	-	(500,48)	-	-
Jeremiášova Invest s.r.o.	Czech Republic	CZK	100%	2.321,50	2.321,50	-	-	(1.026,49)	(216,50)	1.078,51
Jihovýchodni Mesto as	Czech Republic	CZK	74,99%	25.637,86	25.637,86	-	-	-	(20.364,56)	5.273,30
Kosic s.à r.l.	Luxembourg	EUR	50%	9.758,50	10.297,50	-	(539,00)	(572,88)	(3.156,51)	6.029,11
Londynska 26,a.s.	Czech Republic	CZK	-	-	232,92	-	(232,92)	-	-	-
Londynska 39,s.r.o.	Czech Republic	CZK	-	-	1.139,53	-	(1.139,53)	(1.007,97)	1.007,97	-
Londynska 41,s.r.o.	Czech Republic	CZK	-	-	359,57	-	(359,57)	-	-	-
M&O SP Zoo	Poland	PLN	100%	307,19	307,19	-	-	-	(307,19)	-
Machova-Orco,a.s.	Czech Republic	CZK	100%	2.847,27	1.176,66	1.670,61	-	(1.176,66)	(1.670,61)	-
Manesova 28,a.s.	Czech Republic	CZK	-	-	2.626,76	-	(2.626,76)	(1.256,71)	1.256,71	-
Meder 36 Kft	Hungary	HUF	100%	1.858,88	1.858,88	-	-	(1.858,88)	-	-
Megaleiar as	Czech Republic	CZK	100%	1.256,64	1.256,64	-	-	(312,28)	(376,72)	567,64
MMR Management, s.r.o.	Czech Republic	CZK	90%	5,67	5,67	-	-	-	-	5,67
N W D C Company spol. s r.o.	Czech Republic	CZK	-	-	599,29	-	(599,29)	-	-	-
Na Porící, a.s. (ex. Orco Development a.s.)	Czech Republic	CZK	100%	12.441,94	3.585,55	8.856,39	-	(2.500,93)	(5.635,52)	4.305,49
Nad Petruskou,s.r.o.	Czech Republic	CZK	100%	364,83	364,83	-	-	-	-	364,83
Nové Medlanky	Czech Republic	CZK	100%	6.005,61	6.005,61	-	-	-	(5.222,51)	783,10
Nupaky a.s.	Czech Republic	CZK	100%	2.356,08	2.107,78	248,3	-	-	(2.316,24)	39,84
Oak Mill,a.s.	Czech Republic	CZK	99,99%	1.385,26	1.385,26	-	-	(593,63)	167,27	958,90
Office II Invest sa	Luxembourg	EUR	50,32%	15,60	15,60	-	-	(15,60)	-	-
Onset a.s.	Czech Republic	CZK	100%	2.671,73	2.671,73	-	-	(120,29)	(2.551,44)	-
Orco Adriatic d.o.o.	Croatia	HRK	100%	2,73	2,73	-	-	(2,73)	-	-
Orco Bucharest	Romania	ROL	96%	3,26	3,26	-	-	(3,26)	-	-
ORCO Budapest Rt.	Hungary	HUF	99,99%	3.050,38	3.050,38	-	-	(351,77)	(2.698,61)	-
Orco Russian Retail S.A. (ex: Orco Capitol, s.a.)	Luxembourg	EUR	100%	31,00	31,00	-	-	(31,00)	-	-
Orco Commercial Sp. z o.o.	Poland	PLN	100%	199,77	199,77	-	-	-	(199,77)	-

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Company	Country	Local currency	% held	Acquisition cost 31/12/2009 '000 EUR	Acquisition cost 31/12/2008 '000 EUR	Purchased / Acquired in 2009 '000 EUR	Sold / Liquidated in 2009 '000 EUR	Value adjustment in prior years '000 EUR	Value adjustment in 2009 '000 EUR	Net book value in 2009 '000 EUR
Orco Construction Sp. z o.o.	Poland	PLN	75%	1.549,49	1.549,49	-	-	-	(1.549,49)	-
ORCO Development Kft.	Hungary	HUF	100%	70,18	70,18	-	-	(66,99)	(3,19)	-
ORCO Development Slovakia	Slovakia	SKK	100%	1.000,79	1.000,79	-	-	-	-	1.000,79
Orco Development Sp. z o.o.	Poland	PLN	75%	337,74	337,74	-	-	-	(337,74)	-
Orco Enterprise Sp. z.o.o.	Poland	PLN	100%	737,28	737,28	-	-	(737,28)	-	-
ORCO Estate Slovakia	Slovakia	SKK	100%	4,97	4,97	-	-	-	(4,97)	-
Orco Estate Sp. z o.o.	Poland	PLN	100%	700,11	700,11	-	-	-	(700,11)	-
ORCO ESTATE,s.r.o.	Czech Republic	CZK	100%	885,26	885,26	-	-	-	-	885,26
Orco Financial Services, s.r.o.	Czech Republic	CZK	100%	89,76	35,44	54,32	-	-	(89,76)	-
Orco Germany s.a.	Luxembourg	EUR	56.79%	97.515,11	97.515,11	-	-	(7.055,61)	(34.635,83)	55.823,67
ORCO Hungary Kft.	Hungary	HUF	100%	583,45	583,45	-	-	(388,64)	(12,01)	182,80
Energia Jeden Sp. Z o.o. (ex: Orco Idea Sp.z.o.o.)	Poland	PLN	100%	13,08	13,08	-	-	-	(13,08)	-
ORCO Investment Kft.	Hungary	HUF	14,95%	1.213,97	8.120,22	-	(6.906,25)	(8.045,15)	7.581,18	750,00
ORCO INVESTMENT,a.s.	Czech Republic	CZK	100%	1.651,09	1.651,09	-	-	-	(1.068,81)	582,28
Orco Logistic Sp.z.o.o.	Poland	PLN	100%	13,08	13,08	-	-	(13,08)	-	-
Orco Marine, d.o.o.	Croatia	HRK	100%	27,50	27,50	-	-	-	(27,50)	-
Orco Poland Sp. z o.o.	Poland	PLN	100%	399,03	399,03	-	-	(399,03)	-	-
Orco Praga, s.r.o.	Czech Republic	CZK	74,99%	933,18	933,18	-	-	-	(933,18)	-
Orco Prague,a.s.	Czech Republic	CZK	100%	5.097,08	5.097,08	-	-	(2.849,87)	-	2.247,21
Orco project kft	Hungary	HUF	100%	1,93	1,93	-	-	-	(1,93)	-
Orco Project Sp. z o.o.	Poland	PLN	100%	700,99	700,99	-	-	-	-	700,99
Orco Blumentalska s.a. (ex: Orco Project, s.r.o.)	Slovakia	SKK	100%	2.979,86	2.979,86	-	-	-	(2.979,86)	-
Orco Projekt, d.o.o.	Croatia	HRK	100%	2,75	2,75	-	-	-	(2,75)	-
Orco Property Management,a.s.	Czech Republic	CZK	-	-	121,46	-	(121,46)	(121,46)	121,46	-
Orco Property Sp. z o.o.	Poland	PLN	75%	3.597,16	3.597,16	-	-	-	-	3.597,16

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Company	Country	Local currency	% held	Acquisition cost 31/12/2009 '000 EUR	Acquisition cost 31/12/2008 '000 EUR	Purchased / Acquired in 2009 '000 EUR	Sold / Liquidated in 2009 '000 EUR	Value adjustment in prior years '000 EUR	Value adjustment in 2009 '000 EUR	Net book value in 2009 '000 EUR
Orco Razvoj, d.o.o.	Croatia	HRK	100%	27,50	27,50	-	-	(27,50)	-	-
Orco Residence, s.r.o.	Slovakia	SKK	100%	5,18	5,18	-	-	(5,18)	-	-
Orco Residential Sp. z o.o.	Poland	PLN	100%	1.321,60	1.321,60	-	-	-	(671,63)	649,97
Orco Slovakia	Slovakia	SKK	100%	4,97	4,97	-	-	-	(4,97)	-
Domain Sp. z o. o. (ex: Orco Strategy Sp. z o.o.)	Poland	PLN	-	-	99,38	-	(99,38)	(99,38)	99,38	-
Orco Vagyonkezele Kft	Hungary	HUF	100%	1.001,90	1.001,90	-	-	(256,36)	(624,29)	121,25
Orco Vinohrady,a.s.	Czech Republic	CZK	-	-	338,42	-	(338,42)	-	-	-
Development Vision Sp. z o. o. (ex: Orco Vision Sp.z.o.o.)	Poland	PLN	100%	13,08	13,08	-	-	-	(13,08)	-
Orco Yu (ex: Orco Yougoslavia)	Serbia	CSD	-	-	5,00	-	(5,00)	-	-	-
Orco Property doo	Croatia	HRK	100%	2,80	2,80	-	-	-	(2,80)	-
Orco-Molcom B.V. (ex: Astolfin B.V.)	Netherlands	EUR	69%	51.408,61	51.408,61	-	-	(51.408,61)	51.408,61	51.408,61
Pachtův Palác s.r.o.	Czech Republic	CZK	100%	7.424,41	7.424,41	-	-	(6.872,74)	(551,67)	-
První Kvintum Praha a.s.	Czech Republic	CZK	90%	2.760,22	2.760,22	-	-	-	(2.277,12)	483,10
Residence Masaryk, a.s.	Czech Republic	CZK	100%	2.708,38	1.558,96	1.149,42	-	-	(2.708,38)	-
Seattle,s.r.o.	Czech Republic	CZK	100%	1.261,42	1.261,42	-	-	(26,07)	(650,87)	584,48
Suncani HVAR	Croatia	HRK	55,55%	82.190,51	82.190,51	-	-	-	(54.308,90)	27.881,61
Theonia Entreprises company ltd	Cyprus	USD	100%	13.930,64	13.930,64	-	-	-	(5.874,86)	8.055,78
T-O Green Europe a.s.	Czech Republic	CZK	100%	21,43	904,19	-	(882,76)	-	(3,84)	17,59
TQE Asset, a.s.	Czech Republic	CZK	99,2%	17.541,38	300,00	17.241,38	-	(300,00)	(15.902,24)	1.339,14
Vinohrady s.à r.l. (ex ORCO Paris)	France	EUR	100%	7,62	7,62	-	-	-	-	7,62
Viterra Česká, s.r.o.	Czech Republic	CZK	100%	4.636,63	2.689,00	1.947,63	-	(2.689,00)	(1.947,63)	-
Viterra Development Polska sp.z.o.o.	Poland	PLN	99,99%	9.309,38	9.309,38	-	-	-	-	9.309,38
Yuli Kft	Hungary	HUF	100%	5.828,73	5.828,73	-	-	-	-	5.828,73
Zahrebska 35,s.r.o.	Czech Republic	CZK	100%	286,30	286,30	-	-	(137,00)	76,63	225,93
				495.565,33	454.974,09	63.968,23	(23.376,99)	(104.709,97)	(155.914,81)	234.940,54

ORCO PROPERTY GROUP S.A.
NOTES TO THE ACCOUNTS
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December 31, 2009

NOTE 5 – DEBTORS

Debtors can be detailed as follows:

	2009	2008
Receivable from Endurance Fund or its subsidiaries	102.978,17	449.487,30
Amounts owed by affiliated undertakings	34.564.252,09	24.803.880,19
Loans granted to third parties	225.600,00	530.888,03
Loans granted to management (note 20)	277.800,00	277.800,00
Interests receivable	209.823,44	37.414,44
VAT receivable	20.415,78	555.132,43
Other debtors	1.034.820,59	1.723.860,65
	<u>36.435.690,07</u>	<u>28.378.463,04</u>

NOTE 6 - TRANSFERABLE SECURITIES

	Own shares	Own bonds	Orco Germany shares and warrants	Other securities	Total
	EUR	EUR	EUR	EUR	EUR
Gross book value, at the beginning of the year	11.187.851,70	20.668.289,72	5.432.044,76	1.401.370,79	38.689.556,97
Additions for the year	-	1.129.405,46	249.247,50	-	1.378.652,96
Disposals for the year	(10.378.891,07)	(21.797.695,18)	-	-	(32.176.586,25)
Gross book value, at the end of the year	<u>808.960,63</u>	<u>-</u>	<u>5.681.292,26</u>	<u>1.401.370,79</u>	<u>7.891.623,68</u>
Value adjustment, at the beginning of the year	(10.373.498,68)	(14.340.729,16)	(3.681.939,70)	(917.621,30)	(29.313.788,84)
Depreciation for the year	-	-	(1.566.093,07)	(146.525,06)	(1.712.618,13)
Reversal for the year	9.622.875,46	14.340.729,16	-	-	23.963.604,62
Value adjustment, at the end of the year	<u>(750.623,22)</u>	<u>-</u>	<u>(5.248.032,77)</u>	<u>(1.064.146,36)</u>	<u>(7.062.802,35)</u>
Accrued interest, at the end of the year	-	-	-	-	-
Net book value, at the end of the year	<u>58.337,41</u>	<u>-</u>	<u>433.259,49</u>	<u>337.224,43</u>	<u>828.821,33</u>

As at December 31, 2009, the valuation of the transferable securities on the basis of the latest available market price amounts to EUR 828.821,33. Own shares and Orco Germany shares and warrants classified as transferable securities are securities held for trading.

During the year 2009, a share pledge agreement was signed between the company and Urso Verde S.A. to secure the debt linked to the loan granted in 2008 by the company to Urso Verde S.A.. As agreed by both parties, 90.660 shares of Orco Property Group S.A. were transferred by Urso Verde S.A. to secure the total debt amounting to EUR 679.951,59 from which 90.000 shares were finally sold by the Company to reimburse the debt. As at December 31, 2009, 660 own shares to be transferred back to Urso Verde S.A. were still held on company's portfolio with no book value.

On September 23, 2009, as agreed by signed agreements the Company has sold all its own bonds to a company subsidiary, Central European Real Estate Management S.A. (8.533 OBSAR2 and 225.081 Exchangeable bonds in Suncani Hvar Shares, see note 11). As at December 31, 2009, some of this own bonds were still held on company's bank portfolios but were not booked anymore on transferable securities but considered as transferable to new owner, Central European Real Estate Management S.A..

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December 31, 2009

NOTE 7 - PREPAYMENTS AND ACCRUED INCOME

These accounts consist of premium and issuing fees on bonds, amortized over the bonds' life (see note 11).

	2009 EUR	2008 EUR
Gross amount at the beginning of the year	18.782.770,00	18.782.770,00
Increase for the year	-	-
Decrease for the year	-	-
Gross amount at the end of the year	<u>18.782.770,00</u>	<u>18.782.770,00</u>
Amortization at the beginning of the year	(6.205.476,52)	(3.321.052,99)
Amortization of bond's premium for the year ⁽¹⁾	(735.237,25)	(710.731,03)
Amortization of issuing fees for the year ⁽¹⁾	(1.907.266,34)	(2.173.692,50)
Amortization at the end of the year	<u>(8.847.980,11)</u>	<u>(6.205.476,52)</u>
Net amount at the end of the year	<u>9.934.789,89</u>	<u>12.577.293,48</u>

⁽¹⁾ The amortization of bond's premium and the issuing fees are accounted for in the profit and loss account as interest payable and similar charges.

NOTE 8 - CAPITAL ACCOUNTS

	Share capital	Share premium	Legal reserve	Own shares reserve	Profit brought forward
	EUR	EUR	EUR	EUR	EUR
Balance at 01.01.2009	44.869.850,60	400.524.345,06	4.106.864,20	814.353,02	39.619.315,79
Capital increases	-	-	-	-	-
Appropriation of 2008 loss	-	-	-	-	(240.509.898,39)
- Dividend	-	-	-	-	-
- Legal reserve	-	-	-	-	-
- Other reserves	-	-	-	(756.015,61)	756.015,61
Balance at 31.12.2009	<u>44.869.850,60</u>	<u>400.524.345,06</u>	<u>4.106.864,20</u>	<u>58.337,41</u>	<u>(200.134.566,99)</u>

As at December 31, 2009, the subscribed and fully paid-up capital of EUR 44.869.850,60 (2008: EUR 44.869.850,60) is represented by 10.943.866 shares (2008: EUR 10.943.866) with a par value of EUR 4,10 per share.

The Extraordinary Shareholders' Meeting of 8 July 2008 renewed the authorisation granted by shareholders to the Board of Directors on May 18, 2000, in accordance with article 32-3 (5) of Luxembourg corporate law and in addition enhanced the limit of the authorised capital. The Board of Directors was granted full powers to proceed with the capital increases within the revised authorised capital of EUR 300,000,001.20 under the terms and conditions it will set, with the option of eliminating or limiting the shareholders' preferential subscription rights as to the issuance of new shares within the authorised capital.

The Board of Directors has been authorised and empowered to carry out capital increases, in a single operation or in successive tranches, through the issuance of new shares paid up in cash, capital contributions in-kind, transformation of trade receivables, the conversion of convertible bonds into shares or, upon approval of the Annual General Shareholders' Meeting, through the capitalization of earnings or reserves, as well as to set the time and place for the launching of one or a succession of issues, the issuance price, terms and conditions of subscription and payment of new shares. This authorisation is valid for a five-year period ending on 08 July 2013.

A total of EUR 44,869,850.60 has been used to date under this authorisation. As such, the Board of Directors still has a potential of EUR 255,130,150.60 at its disposal. Considering that all new shares are issued at the par value price of EUR 4.10, a potential total of 62,226,866, new shares may still be created.

During the year, the Group sold 116,765 shares for an amount of EUR 675.921,21.

Callable warrants on OPG shares

On 18 February 2008, the Board of Directors has decided to decrease the strike price of the 2014 callable warrants (ISIN code: XS0290764728) from EUR 143.39 to EUR 100.00. As at 31 December 2009, no warrants have been exercised (none in 2008).

PACEO

On 12 April 2006, Orco Property Group S.A. and Société Générale in Paris ("SG") have arranged a new Step-up Equity Subscription. It allows the Company to issue a maximum of 1 million new shares subscribed on the demand of Orco Property Group S.A. by SG. All subscriptions will be at an issue price of 96% of the share price at the time of execution. As at 31 December 2006, the Company has issued 450,000 new shares for a total amount of EUR 43.8 million.

In 2007, no shares have been issued under the existing PACEO program. As at 31 December 2007, the program is still open for the issue of 550,000 new shares until 12 April 2008.

On 13 August 2008 the Group has concluded with Société Générale a third PACEO in the overall limit of 2,000,000 new shares over a period of 24 months through the issuance of unlisted share subscription rights (Bon d'Emission d'Actions or BEA). The exercise of each BEA obliges Société Générale to subscribe to one of Orco Property Group's common shares. As at December 31, 2009, no BEA have been exercised and as a result no new shares have been issued.

In accordance with Luxembourg companies' 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.

NOTE 9 - PROVISIONS FOR TAXES AND OTHER TAXES

Since February 12, 2009 and an internal note deciding the delocalization of the management of the Company, the central administration of the Company is exercised from France. From a Luxembourg tax perspective, the migration of the central administration has triggered the following tax consequences:

- The tax residence of the Company is located in France since February 12, 2009 ("Transfer Date") based on the double tax treaty concluded between France and Luxembourg ("the Treaty") ;
- Due to the fact that the Company keeps accounting and legal teams in Luxembourg, the Company has a Luxembourg permanent establishment according to article 2.3. of the Treaty ;
- The transfer of the central administration leads to an allocation of the assets and liabilities of the Company between the Luxembourg permanent establishment and the French central administration ;
- The assets and liabilities allocated to the French head office are valued at their market value as of the Transfer Date.

The tax treatment deriving from the above-mentioned facts was confirmed with the Luxembourg tax authorities on July 29, 2009 and December 15, 2009.

Based on the above, from a Luxembourg tax compliance perspective, two periods have been considered:

- From January 1, 2009 to February 12, 2009; and
- From February 13, 2009 to December 31, 2009.

Since the fiscal year 2006 and in accordance with the Tax Pooling agreed by Luxembourg Tax Authorities on January 4, 2007, the Company is fiscally consolidated with some of its Luxembourgish subsidiaries held at 100%.

As at December 31, 2009, Orco Property Group S.A. as consolidated fiscal entity in Luxembourg included the companies listed below:

- Orco Property Group S.A. (Fiscal number: 1993 2209 554);
- Orco Hotel Group S.A. (Fiscal number: 2003 2209 832) (Liquidated on December 2007);
- Orco Hotel Collection S.A. (Fiscal number: 2004 2201 228) (Liquidated on December 2007);
- Central Europe Real Estate Management S.A. (Fiscal number: 2004 2212 645);

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NOTE 10 - FINANCIAL INSTRUMENTS

Unrealised losses on financial instruments totalling EUR 4.460.329,78 (2008: EUR 7.560.589,47) are included in "Other provisions".

The Company also entered into foreign exchange contracts detailed as follows:

Maturity date	Currency purchased	Currency sold	Amount	Market Value (EUR)
31/12/2011	PLN	EUR	13.640.000	(2.439.552,46)
				(2.439.552,46)

The Company also entered into interest rate swaps detailed hereafter:

Maturity date	Currency	Amount	Floating interest rate to receive	Fixed rate	Market Value (EUR)
30/09/2011	EUR	4.235.897,51	0,706	4,08	(195.383,76)
07/10/2011	EUR	2.968.524,00	0,746	3,91	(151.124,92)
07/10/2011	EUR	12.537.405,41	0,746	3,91	(638.268,19)
07/10/2011	EUR	15.000.000,00	0,746	3,91	(763.636,70)
07/10/2011	EUR	5.350.000,00	0,746	3,91	(272.363,75)
					(2.020.777,32)

NOTE 11 - BONDS

As at December 31, 2009 and 2008, bonds are detailed as follows:

	Interest rate %	Maturity	Amount EUR	
2009				
<u>Convertible bonds</u>				
928.513	5,5	2012	24.169.193,39	(1)
1.086.956	1	2013	179.651.440,69	(4)
			<u>203.820.634,08</u>	
<u>Non convertible bonds</u>				
30	6MPribor+2,2%	2011	11.335.726,43	(3)
73.273	4,5	2010	50.272.605,30	(2)
119.544	2,5	2014	185.922.722,17	(5)
			<u>247.531.053,90</u>	
			<u>451.351.687,98</u>	
2008				
<u>Convertible bonds</u>				
928.513	5,5	2012	24.169.193,39	(1)
1.086.956	1	2013	171.376.599,94	(4)
			<u>195.545.793,33</u>	
<u>Non convertible bond</u>				
30	6MPribor+2,2%	2011	11.139.992,57	(3)
73.273	4,5	2010	50.272.605,30	(2)
119.544	2,5	2014	181.814.476,04	(5)
			<u>243.227.073,91</u>	
			<u>438.772.867,24</u>	

(1) Exchangeable bonds in Suncani Hvar shares

The acquisition of Suncani Hvar dd has been financed by a private placement of an exchangeable bond issued by the Company under the following terms:

Nominal	EUR 24.169.193,39
Issue price	EUR 26,03
Issue date	30 June 2005
Nominal interest rate	5,5 %
Exchange at the discretion of bondholder	between 1 July 2010 and 11 June 2012 in Suncani Hvar dd share, one share for one bond.
Repayment date	the non exchanged bonds will be reimbursed at nominal value in cash on 30 June 2012
ISIN	XS0223586420
Listing	Luxembourg stock exchange

As at 31 December 2009, no bond had been exchanged.

(2) Bond with repayable subscription warrants ("OBSAR 1")

Orco Property Group launched an exchange offer on the 2012 callable warrants (BSAR 2012) (ISIN code: LU0234878881). Each holder of warrants was entitled to elect to receive, for every 3 BSAR 2012, 1 new share of the Company and 3 new BSAR 2014 (ISIN code: XS0290764728). The prospectus of the exchange offer on the 2012 callable warrants of the Company was approved by the Commission de Surveillance du Secteur Financier (CSSF) on 22 October 2007. The offer closed on 16 November 2007 with 1,077,934 2012 callable warrants tendered into the offer (success rate of 98.07%).

As a consequence:

- 359,287 new shares have been issued.
- 1,077,861 new 2014 callable warrants (exercise price of EUR 146.39) have been issued. The number of warrants reaches 2,871,021. The exercise ratio is mechanically adjusted as follows: 1.03 shares for one 2014 callable warrant exercised at EUR 146.39 in 2014. Refer to note 11(5) for amendments on BSAR 2014.
- The number of existing 2012 callable warrants (exercise price of EUR 68.61) is thus reduced to 21,161. The exercise ratio is mechanically adjusted as follows: 1.03 share for one 2012 callable warrant exercised at EUR 68.61.

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Bonds

Nominal	EUR 50.272.605,30
Number of bonds	73.273
Nominal value per bond	EUR 686,10
Issue price per bond	EUR 682,38
Redemption	18 November 2010

Normal Redemption at par, EUR 686,10 per bond, if the average price quoted over the ten stock exchange trading sessions preceding the Redemption Date, of the products of the closing price of the Orco Property Group S.A. share on the Euronext Paris S.A. Eurolist market and of the Exercise Parity applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Redeemable Share Subscription Warrants,

at 120% of par, that is EUR 823,32 per Bond, if the average price quoted over the ten stock exchange trading sessions preceding the Redemption Date, of the products of the closing price of the Orco Property Group share on the Euronext Paris S.A. Eurolist market and of the Exercise Parity applicable during the said stock exchange sessions is less than the Exercise Price of the Redeemable Share Subscription warrants.

Early Redemption Option for the Company to redeem all bonds at 120% of the par value on any Interest Payment Date subject to one month's notice to bearers before the early redemption date.

Nominal interest rate	4,5%
ISIN	FR0010249599
Listing	Euronext - Paris

Warrants

Number of warrants	21.161 (corresponding to an initial ratio of 15 warrants/issued bond)
Exercise ratio	one warrant gives the right to 1,03 share
Exercise price	EUR 68,61
Exercise period	Until 18 November 2012
Early repayment	From 19 November 2007 the issuer may reimburse the warrants at EUR 0,01 if the average share price over the last 10 days preceding 19 November 2007 is higher than EUR 96,05.

ISIN	LU0234878881
Listing	Euronext - Paris

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(3) CZK 1,4 billion floating rate bond ("Czech Bond").

The Board of Directors decided on February 2nd, 2006 to issue a floating rate bond without preferential subscription rights with the following terms:

Nominal	CZK 1.400.000.000
Number of bonds	140
Nominal value	CZK 10.000.000
Issue price	CZK 10.000.000
Issue date	February 3, 2006
Nominal interest rate	6M Pribor + 2,20%
Final redemption date	February 3, 2011
ISIN	CZ0000000195
Listing	Prague Stock Exchange

The prospectus related to the Czech Bond has been approved on 26 January 2006 by the Securities Commission of the Czech Republic (the "Czech Bond Prospectus"). There are 2 Czech Rating Agencies (the "CRA") ratings outstanding at the date of the issuance of the Czech Bonds: "czP-2" for the long term international CRA rating and "czA-" for the long term local CRA rating. Furthermore the Czech Bond Prospectus states that if CRA withdraws the above-mentioned ratings, the Company shall ask a well-known rating agency in the Czech Republic to issue a rating within 6 months. If CRA or any other rating agency issues a long-term international CRA rating below "investment grade i.e. Baa-" or a long term local CRA rating below "investment grade i.e. czBaa-", any investor in the Czech Bonds may call for the reimbursement of its bonds. The reimbursement would then be due on the last business day of the month following the month of the reimbursement request. On the Company's initiative, Moody's International has issued two ratings: "B2" and "Baa3cz". Since its complete integration within Moody's, CRA cannot issue international ratings any more, but merely local ratings. However, the scale established by CRA in the Czech Bond Prospectus, setting the minimum threshold to "investment grade" for international rating does not fit with the Moody's "investment grade" level. Hence, there is a comparability technical default in relation to the Czech Bonds.

No new bonds have been issued in 2009.

Based on requests for early redemption received from individual holders following the downgrade of rating by Moody's, the Company has reimbursed, in 2008, 110 bonds (out of 140 outstanding) amounting to CZK 1.100.000.000,00 corresponding to an amount of EUR 38.742.000,00 converted with historical exchange rate (28,39) and to an amount of EUR 44.799.551,10 converted with exchange rate as at redeemed dates which leads to a realised loss of EUR 6.057.551,10 in 2008.

Out of the 30 remaining bonds, reimbursement requests have been received for 27 bonds in 2009.

The bond is converted into Euro at year-end rate which leads to an unrealised loss of EUR 769.726,43.

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(4) Convertible bonds 2006-2013.

Within the authorized capital, the Board of Directors decided on May 15th, 2006 to issue a convertible bond without preferential subscription rights with the following terms:

Nominal	EUR 149.999.928,00
Number of bonds	1.086.956
Nominal value per bond	EUR 138,00
Issue price per bond	EUR 138,00
Issue date	June 1, 2006
Normal Redemption	the non converted bonds will be reimbursed in cash on May 31, 2013
Redemption price if not converted	138,62% of par at EUR 191,29; i.e. a gross yield-to-maturity of 5,65%
Early Redemption	Subject to the one month's notice to bearers before the early redemption date, the Company may redeem all bonds from 1 July 2008 under the condition that the share price of Orco Property Group exceeds 130 % of the issue price during 30 consecutive days after 1 June 2008. The bondholders who did not convert within 30 days will, on top of the par and accrued interest, receive a reimbursement premium giving them a 5,65 % IRR
Nominal interest rate	1%
Conversion ratio	One new share for one bond
ISIN	FR0010333302
Listing	Euronext - Paris

As at December 31, 2009, no bond had been converted.

The terms of the issuance of the bond include a redemption premium to be paid by the Company if the bonds are not converted. This premium is amortized as interest over the lifetime of the bond. The net premium as at December 31, 2009 amounts to EUR 28.272.372,55.

(5) Bonds with repayable subscription warrants ("OBSAR 2").

Refer to note 11(2) on the OBSAR 1 concerning the exchange offer relative to the 2012 callable warrants.

On December 16, 2009, a general meeting of the holders of warrants 2014 was held and approved the following changes proposed by the Company to permit the exchange of warrants for shares and/or redemption of the bonds by the company prior to 2014:

Amendments applicable until February 15, 2010

Each warrant 2014 shall entitle the holder to acquire 8.7 existing shares and/or subscribe to 8.7 new shares at the exercise price of EUR 60.9 to be paid in cash.

The Company may redeem by tranches outstanding Warrants 2014 at any time until February 15, 2010 at a unit price of EUR 0.01 subject to the following conditions:

- the average share price of no less than 20 dealing days during the preceding period of 30 consecutive dealing days exceeds the relevant soft call price: EUR 87 for the first tranche being one third of outstanding warrants; EUR 130.5 for the second tranche being half of outstanding warrants; and EUR 174 for the remaining outstanding warrants.

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Amendments applicable after February 16, 2010

Each warrant 2014 shall entitle the holder to acquire 1.6 existing share and/or subscribe to 1.6 new share at the exercise price of EUR 11.2 to be paid in cash.

The Company may redeem by tranches outstanding Warrants 2014 at any time as from February 16, 2010 at a unit price of EUR 0.01 subject to the following conditions:

- the average share price of no less than 20 dealing days during the preceding period of 30 consecutive dealing days exceeds the relevant soft call price: EUR 16 for the first tranche being one third of outstanding warrants; EUR 24 for the second tranche being half of outstanding warrants; and EUR 32 for the remaining outstanding warrants.

The resolution was approved by 95.11% of warrant holders (out of which 91.7% were represented by key management personnel) present with over 50% of warrant holders present or represented.

Bonds

Issuer	Orco Property Group S.A.
Nominal	EUR 175,000,461.60
Number of bonds	119,544
Nominal value per bond	EUR 1,463.90
Issue price per bond	EUR 1,421.45
Redemption	28 March 2014
Redemption price	117.5% of par at EUR 1,720.08, i.e. a gross yield-to-maturity of 7.383%.
Nominal interest rate	2.5%
ISIN	XS0291838992 / XS0291840626
Listing	Euronext - Brussels

The bond will be reimbursed for a total amount of EUR 205.625.243,52; the redemption premium of EUR 30.624.781,92 is depreciated over the period following the gross yield to maturity calculation (7,383%) and the net premium as at December 31, 2009 amounts to EUR 19.702.521,35.

Warrants

Number of warrants	1,793,160 at issuance (corresponding to 15 warrants/issued bond) 2.871.021 after the public exchange offer on the OBSAR 1
Exercise ratio	one warrant gives the right to 1,03 share (before amendments)
Exercise price	EUR 146.39 (before amendments)
Exercise period	until 28 March 2014
Early repayment	From 28 March 2012 the issuer may reimburse the warrants at EUR 0.01 if the average share price of not less than 20 dealing days during the preceding period of 30 consecutive dealing days exceeds EUR 190.31.
ISIN	XS0290764728
Listing	Euronext - Brussels Euronext - Paris

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NOTE 12 - OTHER CREDITORS

	2009 EUR	2008 EUR
Amounts due related to acquisitions of equity participations	2.070.364,75	2.584.114,14
Accrued interests on bonds	14.529.980,38	5.425.982,36
Payable to Endurance Fund or its subsidiaries	447.429,86	-
Bank overdrafts	5.166,88	-
Other creditors	5.265.684,25	1.143.788,71
	<u>22.318.626,12</u>	<u>9.153.885,21</u>

As at December 31, 2009, 2,1 MEUR (2,8 MUSD) was due for the acquisition of Theonia Entreprises Company Ltd's equity shares.

As at December 31, 2009, Other creditors were detailed as follows:

- External suppliers invoices: 1.7 MEUR ;
- Debt for realised FX Forward: 1.3 MEUR ;
- Accrued expenses: 0.8 MEUR ;
- Tax authorities: 1.3 MEUR ;
- Various: 0.2 MEUR

NOTE 13 - VALUE ADJUSTMENTS IN RESPECT OF FINANCIAL FIXED ASSETS AND OF TRANSFERABLE SECURITIES HELD AS CURRENT ASSETS

	2009 EUR	2008 EUR
Value adjustments on shares in affiliated undertakings (note 4)	155.914.808,79	104.354.939,00
Value adjustments on loans to affiliated undertakings (note 4)	42.724.826,45	90.885.368,00
Value adjustments on accrued interest from loans to affiliated undertakings (note 4)	2.373.192,14	2.519.520,00
Value adjustments on financial fixed assets (note 4)	20.767.159,39	1.454.171,91
Value adjustments on transferable securities net of release (note 6) (22.250.986,49)	(22.250.986,49)	24.902.538,16
	<u>199.529.000,28</u>	<u>224.116.537,07</u>

Value adjustments increases and decreases are detailed in note 4 and note 6.

NOTE 14 - STAFF COSTS

The Company employed in average during the year:

Employees: 3
Management: 1

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NOTE 15 - OTHER INTEREST PAYABLE AND CHARGES

Other interest and charges are principally composed of interest payable on bonds for EUR 22.407.236,12 (2008: EUR 37.503.783,13), the amortization of bond's premium and issuing fees of bonds for EUR 2.642.503,59 (2008: EUR 2.884.423,53) and realized and unrealized losses on foreign exchange for EUR 3.773.158,25 (2008: EUR 20.224.683,99).

NOTE 16 - NET TURNOVER

The net turnover of the Company is made of fees linked to services rendered to the subsidiaries of the Company.

NOTE 17 - INCOME FROM PARTICIPATING INTEREST IN AFFILIATED UNDERTAKINGS

Income and expenses from participating interest in affiliated undertakings are detailed by company as follows:

Company	Country	2009 EUR	2008 EUR
Americká - Orco, a.s	Czech Republic	287 219,36	73 948,52
Americká 33, a.s.	Czech Republic	5 357 373,51	16 694 525,30
Anglická 26, s.r.o.	Czech Republic	129 778,81	71 933,79
BBC - Brno City Center, a.s.	Czech Republic	-	162 795,56
Brno Centrum, s.r.o.	Czech Republic	227 513,45	366 520,19
Endurance Real Estate Management Co., s.a.	Luxembourg	6 000 000,00	-
Jeremiášova Invest s.r.o.	Czech Republic	50 550,08	958 066,53
Kosic, s.à r.l.	Luxembourg	2 466 000,00	-
Londýnská 26, a.s.	Czech Republic	951 605,49	84 578,36
Londýnská 41, s.r.o.	Czech Republic	212 229,31	413 951,29
Mánesova 28, a.s.	Czech Republic	118 833,82	100 946,33
MMR Management, s.r.o.	Czech Republic	-	418 497,59
Nad Petruskou, s.r.o.	Czech Republic	410 588,78	-
Nové Medlánky, a.s.	Czech Republic	1 466 416,45	-
Orco Development Sp. z o.o.	Poland	-	222 227,66
Orco Estate, s.r.o.	Czech Republic	-	266 108,96
Orco Financial Services, s.r.o.	Czech Republic	-	193 093,78
Orco Project, Sp. z o.o.	Poland	285 184,66	-
Orco Slovakia, s.r.o.	Slovakia	9 874,13	-
Residence Belgická, s.r.o.	Czech Republic	-	60 846,36
Seattle, s.r.o.	Czech Republic	314 498,62	755 847,21
T-O Green Europe, a.s.	Czech Republic	54 012,06	28 993,48
Viterra Česká, s.r.o.	Czech Republic	-	45 851,89
Viterra Development Polska sp.z.o.o.	Poland	-	3 267 154,72
		18 341 678,53	24 185 887,52

**NOTE 18 - INCOME FROM OTHER TRANSFERABLE SECURITIES AND FROM LOANS
FORMING PART OF FINANCIAL FIXED ASSETS**

Income from affiliated undertakings EUR: 39.263.611,37 (2008: EUR 33.144.128,80) is composed of interest on loans granted to subsidiaries (see note 4).

Other income is detailed as follows:

	2009	2008
	EUR	EUR
Interest on bonds held as fixed assets	-	100.638,32
Interest on bonds held as transferable securities	465.355,51	749.285,61
Interest on other securities	-	31.478,55
Interest from loans forming part of financial fixed assets	70.000,00	
Dividends from transferable securities	16,50	727.555,80
Gain realised on sales of other securities	365.187,00	274.638,97
	900.559,01	1.883.597,25

NOTE 19 - GUARANTEES AND COMMITMENTS

Stock-options:

As of December 31, 2009, the non exercised stock options plans granted to employees or directors are summarized as follows:

	2009		2008	
	Average exercise price in EUR	Number of options	Average exercise price in EUR	Number of options
Outstanding at the beginning of the year	75,60	63.000	75,60	63.000
Cancelled	-	(3.000)	-	-
Outstanding at the end of the year	75,60	60.000	75,60	63.000

The outstanding stock options can be exercised from March 3rd, 2007 until March 3rd, 2012 at an exercise price of EUR 75, 60.

No new stock option plan has been granted in 2009.

Other commitments:

- The shares representing the equity participations are pledged in favour of banks in order to guarantee loans granted to subsidiaries. The Company also guarantees loans granted by banks to subsidiaries in order to finance the acquisition of properties.

The guarantees granted to financial institutions remain fully valid until complete reimbursement of credits.

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December 31, 2009

2. In a decision taken on 3 March 2006, the Board of Directors of the Company granted to some members of the management of the Group a termination indemnity payment for a total amount of EUR 34 million. As a result of the reduction of the number of persons covered by this termination agreement, as at December 31, 2009, the potential termination indemnity payment amounted to EUR 16 million (as at December 31, 2008: EUR 19 million). This indemnity would become payable by the Company to the relevant management member only in case of change of control of the Company and in case the relationship between the Company and the management member is terminated by either party within a period of 6 months after the change of control.

3. Capital commitments:

Orco Property Group S.A. entered into a Subscription Agreement with the Endurance Real Estate Fund for Central Europe. The Company subscribed to two existing sub-funds. As at December 2009, the remaining balances to be called amount to:

- EUR 13.5 million out of EUR 21.9 million subscribed for the residential sub-fund (EUR 13.5 million in 2008);
- EUR 3.4 million out of EUR 27.0 million subscribed for the office sub-fund (EUR 4.3 million in 2008).

NOTE 20 - REMUNERATION AND LOANS GRANTED TO DIRECTORS

The remunerations paid to the Directors in that capacity for the year 2009 amount to KEUR 449 (2008: KEUR 193) and are included as staff costs in the profit and loss account.

The company did not grant any pension plans to the Directors.

As at December 31, 2009, total loans due by management to the company amount to KEUR 278 (2008: KEUR 278). No new loans were granted during the year 2009.

NOTE 21 - REALISED GAIN / (LOSS) ON TANGIBLE AND FINANCIAL FIXED ASSETS

	2009	2008
	EUR	EUR
Loss realised on sales of equity participations	(16.506.065,62)	14.877.724,47
Loss due to the liquidation of equity participations.	(302.829,58)	(6.814.497,37)
Loss on tangible fixed assets	(40.467,54)	(57.877,43)
Loss on sales of securities held as fixed assets	-	(689.903,21)
Gain / (Loss) on liquidations of equity investments	212.478,46	(1.933.124,92)
	<u>(16.636.884,28)</u>	<u>5.382.321,54</u>

Loss realised on sales of equity participations, and due to liquidation of equity participations are detailed as follows:

For the year 2009:

Company	Country	Net result on sales of equity participations				Profit/(Loss) due to the liquidation of equity participations
		Net Booked Value of participations	Proceeds from Sales of participations	Proceeds from sales of equity loans	Net Result	
Orco Property Management, a.s.	Czech Republic	-121 461,32	1 451 695,83	-718 427,00	611 807,51	-
N W D C Company spol., s.r.o.	Czech Republic	-599 291,76	402 389,83	-	-196 901,93	-
Orco Yu	Serbia	-	-	-	-	-96 480,00
Orco Investment, Kft.	Hungary	-6 906 249,23	4 584 000,00	-5 539 315,20	-7 861 564,43	-
Domain Sp. z o.o.	Poland	-	-	-	-	-206 349,58
City Gate, s.r.o.	Slovakia	-8 695 051,99	100 000,00	-464 354,78	-9 059 406,77	-
		<u>-16 322 054,30</u>	<u>6 538 085,66</u>	<u>-6 722 096,98</u>	<u>-16 506 065,62</u>	<u>-302 829,58</u>

ORCO PROPERTY GROUP S.A.

NOTES TO THE ACCOUNTS

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December 31, 2009

For the year 2008:

Company	Country	Net result on sales of equity participations			Profit due to the liquidation of equity participations
		Net Booked Value of participations	Proceeds from Sales of participations and loans	Net Result	
And 70 Kft	Hungary	-	662,00	662,00	-
Diana Development Sp. Z o.o.	Poland	-2 580 964,19	3 091 019,00	510 054,81	-
Etoile d'or s.a.	Luxembourg	-523 998,56	1 099 785,91	575 787,35	-
Izabella 62-64 Kft.	Hungary	-4 052 868,26	2 440 188,93	-1 612 679,33	-
Jihovýchodní Město, a.s.	Czech Republic	-8 550 513,25	7 675 700,00	-874 813,25	-
Luxembourg Plaza, a.s.	Czech Republic	-7 010 659,35	21 640 002,59	14 629 343,24	-
MMR Management, s.r.o.	Czech Republic	-629,84	1 400 000,00	1 399 370,16	-
OPG Russia Sarl	Luxembourg	-	-	-	-56 392,04
Orco Praga, s.r.o.	Czech Republic	-	-140 769,00	-140 769,00	-
Orco Construction Sp. z o.o.	Poland	-	-712 555,00	-712 555,00	-
ORCO Croatia s.a.	Luxembourg	-	-	-	612 311,02
Orco Development Sp. z o.o.	Poland	-	-159 806,00	-159 806,00	-
Orco Hotel Development Sp. z o.o.	Poland	-2 910,00	297 670,00	294 760,00	-
Orco Property Sp. z o.o.	Poland	-	-1 697 463,00	-1 697 463,00	-
Paneli Estates, s.r.o.	Czech Republic	-10 420,59	10 421,00	0,41	-
Residence Belgická, s.r.o.	Czech Republic	-1 234 785,44	3 745 701,00	2 510 915,56	-
Révay 10 Kft.	Hungary	-872 953,03	1 027 869,55	154 916,52	-
Salinoko Ltd	Cyprus	-	-	-	-7 370 416,35
		-24 840 702,51	39 718 426,98	14 877 724,47	-6 814 497,37

NOTE 22 - REALISED LOSS ON TRANSFERABLE SECURITIES

	2009 EUR	2008 EUR
Loss realised on sales of own shares	9.702.969,86	6.193.313,25
Loss realised on sales of other transferable securities	9.423.051,23	6.990.927,43
	<u>19.126.021,09</u>	<u>13.184.240,68</u>

In 2009, the Company has not proceeded to any new repurchase of own shares (2008: 67.184 shares for a total amount of EUR 4.093.741,22) but has proceeded to the subsequent sale of 116.765 shares (2008: 90.720) for a total amount of EUR 675.921,21 (2008: EUR 1.870.515,80), generating a net realised loss on sales amounting to EUR 9.702.969,86 (2008: loss of EUR 6.193.313,25).

On 31st December 2009, the Company has 9.101 own shares for which the net book value is EUR 58.337,41 (see note 6).

NOTE 23 – RELATED PARTY TRANSACTIONS

- **Transactions with key management personnel**

(a) Remuneration of key management personnel

Beginning of 2008, the Board decided to grant an attendance fee of EUR 5,000 only to non-executive members. End of 2008, the Board decided unanimously to cancel all attendance fees related to the year 2008.

In November 2009, the Board of Directors of the Company decided to modify the remuneration plan for board, committee and general meeting attendances that applies to all Board members except the management who is paid by the Company. According to the remuneration plan, a compensation of €1,000 is granted to each Board member and Committee member for the attendance to all physical Board and Committee meetings. A compensation of €1,500 is granted to the Committee president for the attendance as president to all Committee meetings. €4,500 is granted to compensate the President presiding an ordinary and extraordinary general meeting of shareholders and such compensation is retroactively applied to January 2009. All other compensations are retroactively applied to July 1, 2009 and amount to EUR 50.500 for 2009, including presidency compensations. In respect of the bylaws requiring that each Board member must hold at least one share of the Company, one share has been granted for free to each Board member that was not holding previously the required share.

Based on the Remuneration and related parties committee dated November 17, 2009 and following a decision of Board of Directors of the Company taken on November 18, 2009, the Company attributed in December 2009 an aggregate amount of 833,084 warrants 2014 (ISIN: XS0290764728) issued by the Company ("Company warrants") and an aggregate amount of 1,598,000 warrants (ISIN: XS0302626899) issued by its subsidiary Orco Germany S.A. ("Orco Germany warrants") as an incentive remuneration to the three executive Board Members for a total amount of EUR 990 thousand. This incentive remuneration has been paid to the above mentioned executive Board Members as a result of their commitment and achievements in restructuring OPG through the past year. For the purpose of such attribution, on the basis of external advice, the Board of Directors has taken in consideration

- 1) the market value of the instruments amounting to EUR 1.22 for the Orco Property Group 2014 warrant;
- 2) the intrinsic value of the warrants based on the underlying Company stock price as at November 17, 2009 which priced the Orco Property Group 2014 warrant at €1,17 and the Orco Germany warrant at €0,01; and
- 3) the very low trading liquidity of those instruments.

A fair value report done by an external consultant was later conducted and priced Orco Property Group 2014 warrant at €4.21 and Orco Germany warrant at €0.01 at the date of November 18, 2009.

In a decision taken on 3 March 2006, the Board of Directors of the Company granted to some members of the management of the Group a termination indemnity payment for a total amount of EUR 34 million. As a result of the reduction of the number of persons covered by this termination agreement, as at December 31, 2009, the potential termination indemnity payment amounted to EUR 16 million (as at December 31, 2008: EUR 19 million). This indemnity would become payable by the Company to the relevant management member only in case of change of control of the Company and in case the relationship between the Company and the management member is terminated by either party within a period of 6 months after the change of control.

The stock options granted to the employees are detailed in note 19.

(b) Loans and advances with key management personnel

On December 4, 2008, the Company has granted a seller's financing of EUR 1.4 million (which is fully impaired as of December 31, 2009 as a result of the termination of the consulting contract with that company) to Vignette Investissements S.A., a French company managed by Keith Lindsay, against transferring 10% of the shares of MMR Management s.r.o., a limited liability company, incorporated under Czech's Law and a wholly owned subsidiary of the Company to Vignette Investissements S.A.. This advance is granted for a period of 7 years ending on December 31, 2015 and bears an interest rate of 5% per year payable annually.

On May 15, 2008, the Company granted a loan of 825,000 USD to Urso Verde S.A., a Luxembourg subsidiary of OTT&CO S.A.. This loan had a final repayment date as of May 15, 2009, and an interest rate of 10% per year payable at the repayment date. The purpose of this loan was to acquire a forest in Chile in order to launch an 'Endurance forest fund' in conjunction with Orco and the Endurance Fund, which failed due to the current financial context. On April 30, 2009, Urso Verde S.A. pledged 90 660 Company shares to the benefit of the Company in order to secure the reimbursement of its debt (collateralized debt) and the Company exercised its pledge on June 15, 2009. On August 28 and 31, 2009, the Company sold 90,000 of the shares for an aggregate amount of EUR 812,250 (sale proceeds). Pursuant to the Share Pledge Agreement, the shares remaining after Urso Verde S.A.'s debt has been reduced to zero shall be returned unencumbered. Urso Verde S.A. requested return of the surplus EUR 132,298 in the form of shares. The Company has not returned the shares to Urso Verde S.A..

On February 22, 2007, the Company has granted a loan of EUR 216,068 to OTT&CO S.A. (previously Orco Holding). This loan had a maturity date on 1st March 2008 and an interest rate of 9% per year payable at the repayment date. The purpose of this loan was to facilitate the acquisition of 46,667 new shares of Orco Germany S.A. by OTT&CO S.A.. As at 31 December 2009, this loan (nominal and interests) had not been repaid (the "OPG Receivable").

On March 24, 2010, Urso Verde S.A., OTT & CO S.A. and the Company have agreed to restructure their debts described in the previous two paragraphs. The Company and Urso Verde S.A. agreed, that the Company shall return to Urso Verde S.A. surplus of EUR 132,298 left after sale of the shares in cash instead of returning of the shares, and that this amount shall bear an interest of 9% per year from September 1, 2009 until repayment (the "Urso Verde Receivable"). On 24 March, 2010, Urso Verde S.A. assigned the Urso Verde Receivable amounting to total of EUR 138,985 (EUR 132,298, plus interest of EUR 6,687 as of 24 March, 2010) to OTT&CO S.A. The Company and OTT & CO S.A. agreed to offset the Urso Verde Receivable amounting to EUR 138,985 with the OPG Receivable, amounting to EUR 276.058 (EUR 216,068 principal, plus interest accrued of EUR 59,990) as of March 24, 2010, leaving EUR 137,073, being the outstanding principal of the OPG Receivable as of this date.

On February 16, 2007, the Company has granted a loan of EUR 61,732 to Steven Davis, one former executive of the Company with maturity date on March 1st, 2008 and with interest rate of 9% per year payable at the repayment date. The purpose of this loan was to facilitate the acquisition of 13,333 new shares of Orco Germany S.A.. As at 31 December 2009, this loan has not been repaid yet. The loan has been fully impaired as a result of the dispute on the termination of the employment contract of Steven Davis.

(c) Other transactions with key management personnel

On October 2, 2008, a company owned by Jean-François Ott, has transferred to the Company 71,860 exchangeable bonds in Suncani Hvar shares in exchange of 90,720 shares of the Company. The exchangeable value amounted to EUR 1,870,519.

The Company has an investment in NOVY Fund. The cost of such investment amounts to EUR 1.4 million as at December 31, 2009 (EUR 1.4 million as at December 31, 2008) and its fair value amounts to EUR 0.3 million as at December 31, 2009 (EUR 0.5 million as at December 31, 2008).

As per a December 2007 transaction, 788,804 Company warrants were received in January 2008 from OTT&CO S.A. as settlement of its debt for an amount of EUR 12,104,863. Those warrants, together with other Group owner Company warrants, have been allocated to the management as per the transaction described in (a).

- **Transactions with the Endurance Real Estate Fund**

The Company is the sponsor and the fund manager of a Luxembourg regulated closed end umbrella investment fund dedicated to qualified investors, the Endurance Real Estate Fund. This fund has opted for the form of a "Fonds Commun de Placement". The Company is the shareholder of the management company of the Fund and has also invested in two of the three sub-fund's existing as at December 2009 (see note 4). As at December 31, 2009, the Company's subscription to the office I and residential sub-funds represent respectively 16.16% and 7.98% of the total subscription respectively (in 2008, 15.73% and 10.60% respectively).

NOTE 24 - SUBSEQUENT EVENTS

On February 17, 2010, OPG France S.A.S. was incorporated under French law. The Company is its sole shareholder.

On March 10, 2010, the Paris Commercial Court decided to extend the observation period for the "Procédure de Sauvegarde" of ORCO Property Group S.A. by 3 months until June 25, 2010. The Safeguard plan draft has been circulated among creditors at the end of March 2010. The Management expects a judgment on its plan and "sauvegarde" exit by the end of June 2010.

On March 24, 2010, a group of shareholders holding 10.09% of the ORCO Property Group's shares and voting rights asked the OPG Board of Directors to convene an Extraordinary General assembly before the end of April 2010.

The warrant 2014 general meeting held on March 25, 2010, resolved the followings amendments:

- The warrants, previously exercisable until March 28, 2014, may be exercised up to the close of business on December 31, 2019.
- The terms and conditions of the warrants 2014, amended on December 16, 2009 (see note 11(5)), previously applicable till February 15, 2010, have been extended and applicable until December 31, 2010.
- Until December 31, 2010, the warrants 2014 may be paid by remittance of bonds issued by Orco Germany S.A. at their principal amount.