Press Release, 24 March 2011

# Full year 2010 unaudited financial results

Jean-François OTT, President & CEO declared:

"The results of 2010 coupled with our initial achievements this year do validate our strategy of safeguarding and developing 'high potential' assets. We have a springboard for the future with the improving prospects in our key markets of Prague, Warsaw and Berlin that allow us to either sell those assets or develop them alone or in partnerships like on the Bubny and Leipziger lands".

## 2010 financial highlights:

- The Gross Asset Value[1] (GAV) as at December 2010 stands at EUR 1,744 Million compared to EUR 1,768 Million as at June 2010, and EUR 1,855 Million as at December 2009.
- Over the year, the Group recorded a net creation of value[2] for EUR 93 Million, notably through the Bubny land development for EUR 69 Million and Wertheim land plot for EUR 22 Million.
- EPRA NAV[3] reached EUR 28.6 per share compared to EUR 8.2 at the end of 2009, integrating the impact of the termed out bonds and the issue of new shares. Excluding these two impacts, the fundamental increase of the EPRA NAV amounts to EUR 3.5 per share.
- Historically high revenues to EUR 315 Million in 2010, an increase of 25%, with development revenues of EUR 183 Million, the result of sales of large commercial developments in Germany and CE, while revenues from residential development were substantially weaker in 2010.
- The Group sold in 2010 or closed sales agreements with expected closing in 2011 for EUR 121 Million of commercial developments and EUR 185 Million of real estate assets (rental buildings and land plots), 10% above December 2009 fair value.
- Rental revenues slightly decreased (-3%) over the year, but increased in Q4 with new leases signed in Molcom, Stribro and selected German assets.

[1] See Management report point 5 for the definition
[2] On all real estate assets and investments of the Group whether or not at fair value in the consolidated financial statements
[3] See Management report point 5.4 for the definition

- EUR 26 Million of revaluation on rental portfolio profit recognized in income statement without Bubny reclassified into inventories.

- Adjusted EBITDA[4] increased to EUR 37 Million compared to EUR 30 Million as at December 2009. Operating profit stands at EUR 51 Million compared to a loss of EUR 254 Million in 2009.

- After approval of the Safeguard plan, the balance of the existing bonds' amortized value and accrued interests amounting to EUR 406 Million as at 19 May 2010 was replaced by the market value of the new termed out liability of EUR 136 Million, with the difference of EUR 270 Million being recognized as a gain.

- Interest expenses year on year increased by EUR 11 Million to EUR 98 Million mainly as a result of lower capitalization (EUR 4 Million in 2010 compared to EUR 11 Million in 2009) with projects put on hold in 2009, such as Zlota 44, or delivered over 2009, such as Sky Office, Hradcanska, Paris Department store or Vysocany Gate.

- Net profit reached EUR 233 Million over 2010. Excluding the gain, interests and derivatives of the termed out bonds, it would have been a loss amounting to EUR 5 Million.

- Loan To Value[5] (LTV) before bonds stands at 54% compared to 58% in December 2009. Global LTV dropped to 68% compared to 84% at the end of 2009, mainly through bonds revaluation. The OPG bond liability will however increase each year by the non cash 23.1% interest expenses in P&L minus actual cash repayments.

**Q4 2010 financial highlights:**

- Q4 revenues reached EUR 86 Million, up by 33% year on year mainly as a result of higher commercial assets sales. Asset Management revenues increased by 15% to reach EUR 31 Million and Development revenues by 62% to reach EUR 55 Million.

- Operating loss for Q4 2010 amounted to EUR 0.9 Million compared to a loss of EUR 5.7 Million for Q4 2009 mainly as a result of revaluation gains and lower impairments partially compensated by negative margins on residential development sales.

[4] See Management report point 6.1 for the definition
[5] See Management report point 5.3 for the definition

- Interest expenses decreased year on year by EUR 2.2 Million as a result of loan repayments, a trend expected to continue in 2011[6].

### Key 2010 and post closing events:

- On 19 May 2010, the Paris Commercial Court approved the Company's Safeguard plan and the term out of the Company's bonds and other liabilities. First annuity payment is planned 30 April 2011. The calculation of the annuities is challenged by some bondholders with a hearing scheduled in May 2011.

- In April 2010, the Company conducted three capital increases for a total of 3.1 million new shares (EUR 16 Million). The listing of new shares was finalized in early 2011. Challenges to these capital increases were settled through an agreement announced in February 2011.

- AIG shareholder loan to CEE hospitality joint venture was restructured in July 2010 enhancing its long term financing and net cash in of EUR 6 Million for the Company.

- The Bubny land development transferred from the land bank portfolio to inventories upon with the start of the master plan modification process after the official support of the municipality of Prague 7.

- Zlota 44 building permit was revalidated and construction works restarted. The Group successfully decreased total project construction costs by 19% or around EUR 20 Million through a new tender process.

- Vaci 1 reached structural completion in October 2010; final delivery is expected in September 2011.

- Leipziger Platz in Berlin was sold to HGHI for a net sales price of EUR 89 Million (for the first three installments including a EUR 10 Million reserve to cover development risks), plus an additional payment of EUR 30 Million payable after finalization of the project. The transaction price is more than 40% above 2009 fair value.

- The dispute with Croatian Privatization Fund (co-owner of Suncani Hvar dd.) which began in summer 2010 is set to be resolved with the new agreement signed in March 2011.

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[6] . Interest expenses increased when interests stopped being capitalized end of 2009 on projects like Sky Office (delivered) or Zlota 44 (put on hold) therefore making Q4 to Q4 comparison more relevant than YoY comparison. The trend is expected to continue with both capitalization of interests (Zlota) and sale of assets (Leipziger).

- An agreement was reached in December 2010 to obtain a 10% ownership in the Rubin retail project in Moscow in exchange for a USD 25 Million advance payment from 2008. Net asset value of the shareholding has been estimated at EUR 6.4 Million while the advance payment had been previously fully impaired.

**Outlook:**

Over 2011, the Group expects to achieve revenues between EUR 350 Million and EUR 370 Million including the potential sale of Sky Office building in Düsseldorf.

**Documents available on http://www.orcogroup.com:**

- Video message from Mr. Jean Francois Ott, Chairman and CEO
- Full Year unaudited Management report as at 31 December 2010
- Unaudited Consolidated Financial Statements as at 31 December 2010

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