Russia	8 000 000	1 450 000
Germany	910 000	14 000
Total	**37 130 000**	**2 844 000**

The major iconic project and largest landbank site of the group Bubny has also suffered of a significant devaluation of EUR 13 Million (-14.7%). Its value as of December 2009 reached 75 Million EUR vs 88 Million EUR in Dec 08, remains at 75 Million EUR since June 09.

The 25 ha **Bubny** site is located on the outskirt of Prague historic city center. It was acquired in 2006 for EUR43 Million, and the Company has invested since then EUR 27 Million (total additional costs, including planning costs, financing, complementary plot acquisitions. The Bubny plot is the largest undeveloped site in the Prague city centre. Within 15 years, the Group aims to get Master Plan for 1 059 000 sqm gross external GEFA by H1 2011 with high quality office spaces, residential apartments, public services buildings, space for leisure activities, playgrounds and a large shopping centre. This project represents a potential of EUR 400 -600 Million value creation over 15 years.

Orco developed a multiple strategy of development for this key sitebased on four Orco acting as:

- Land developer: zoned / permitted commercial parcels sales to developers for an average annual turnover over 14 years starting in 2012 amounting to EUR 8.5 Million.
- Office developer: up to 80 000 m² office space every 6 years with construction start after 50% pre-lease of the total space) with sales representing EUR 25 Million potential annual turnover starting in 2012.
- Residential developer: 200 units per year representing EUR 30 Million of potential annual turnover starting in 2012.
- Retail developer: up to 100 000 sqm in 2 phases in joint venture with major operator representing EUR 25 Million of potential annual turnover starting in 2012.

End of 2009, a Letter of Intent for the partial sale of the land (8.2% of the land) was signed. The sale shall result in total revenues of EUR 17.4 Million within the next three years.

Other large sites owned by the Company are Wertheim in central Berlin, Germany and Kaluga near Moscow, Russia. The company is currently looking into selling Wertheim site in spring 2010, while it has decided to keep Kaluga in land bank during the zoning permitting.

In 2009, as shown in table below, the Group completed several land bank disposals for a total sale price of EUR 8.4 Million generating a profit of EUR 1.0 Million.

Asset disposals	Number of assets	Total selling price (in Million Euro)	Net Result (in Million Euro)
Czech Republic	1	1.6	0.7
Germany	1	1.5	0.1
Hungary	1	5.3	0.2

7.3 Commercial investment properties

The Company's commercial investment properties business line is comprised of investment properties (generating rental income), hospitality portfolio and Endurance real estate fund management (generating income from management fees). Concerning the latter one, Orco acts as a fund manager.

As of December 2009, Orco's asset management portfolio represented EUR 1.03 Billion in value (82 % rental portfolio and 18% hospitality portfolio); Corrected from sales of assets and investments, the valuation of the commercial investment properties division has declined by EUR 90 Million. This decline is mainly driven by the fall in value of the hospitality assets (--14%). Excluding the hospitality assets, the relative deviation is -5%.

7.3.1 The rental portfolio

The Group's rental portfolio encompasses prime assets with prime tenants in major Central and Eastern European cities. focusing on commercial buildings.

The main components of the Company's rental portfolio are :

1) commercial assets located in the Berlin, Germany (GSG),
2) a mix of office and industrial assets in Czech Republic
3) a logistics business in Moscow, Russia (Molcom).

As of December 2009, the investment property portfolio comprised a total leasable area of 1.24 Million sqm, with an average occupancy rate of 76.7%.

According to DTZ valuations, the reversionary potential of the portfolio stands at 12%, which reflects the fact that it still have not reached its potential. When including Sky Office, Helberger, Rudna II, Vysocanska Brana and Peugeot, classified in "inventories", it reaches 27%. (*More information is available in the Appendix 5)*

The following table sets forth the Company's rental portfolio by sector and by country as of 31 December 2009

Country	Market	Leasable area (sqm)	Occupancy rate (%)	Average Rent (EUR)
Czech Republic	Office	85 698	76,26%	12,61
	Retail	3 392	34,51%	18,42
	Residential	2 650	37,80%	10,84
	Logistic	87 720	91,68%	2,66
Hungary	Office	15 862	89,14%	13,33
	Retail	7 573	28,50%	20,15
Germany (excl GSG)	Office	47 980	77,24%	9,74
	Retail	5 501	100,00%	11,15
	Residential	4 729	65,46%	3,51
Germany (GSG)	Commercial industry	803 187	75,83%	5,57
	Residential	15 368	94,14%	4,12
Slovakia	Retail	8 241	10,57%	26,88
Poland	Office	1 400	100,00%	18,15
	Logistic	39 360	79,41%	3,13
Luxembourg	Office	7 023	91,15%	25,23
Russia	Molcom	110 535	74,20%	20,30
TOTAL		**1 246 218**	**76,66%**	

Orco's portfolio attracts prime tenants, such as: KPMG , Monster, Radio Free Europe, McKinsey, T-Mobile, Vodafone, Telefonica, Honeywell, Lovells, Komercni Banka, Raffeisen Bank, Ceska Sporitelna, CEZ, Roland Berger, Cobra, CGM, Estee Lauder, etc.

The top three rental income contributors in 2009 were: GSG in Berlin, Molcom in Russia and Radio Free Europe in Prague.

GSG is a portfolio of 45 buildings (most of them are rented shell and core to local SME) located in various areas in Berlin, Germany. It has a total area of 818 thousand sqm and its occupancy reached 76.2% as of December 2009 (up by 6 points since acquisition in June 2007). The portfolio is financed by EUR 302 Million bank loan, maturing in 2012. The portfolio was valued at first consolidation for EUR 404 Million and its December 2009 value reached EUR 445 Million.
In 2009, the GSG assets were devalued for a total amount of EUR - 26.4 million, among which Plaunaerstraße (EUR -7.3 million), Wolfenerstraße 32-36 (EUR -5.5 million), Pankow (EUR -4.8 million) and Schwedenstraße (EUR -3.1 million), all located in Berlin.

Molcom is a logistic asset located to the north-east of Moscow Region, within 14 km from the MKAD ring via Yaroslavskoeshosse, close to Pushkino town. The Property comprises warehouses, industrial and office premises with a total area of over 92,000 square meters. The occupancy rate of the existing warehouses at the end of 2009 slightly decreased by 2% to 89%. In addition, a new warehouse of 18.500 sqm has been completed in 2009. Several negotiations are in process with potential clients which could lead new lease contracts in Q2 2010. The project is financed through a USD 16 Million loan maturing in 2015. The new warehouse fair value as of December 2009 was EUR 7.6 Million whereas the existing one is valued at EUR 45.4 Million as of December 2009, due to decreased revenues (EUR 18.8 Million instead of EUR 21.3 Million in December 2008), and currency effects. Note that revenues not only include rental income but also logistic services provided to tenants.

Radio Free Europe is located approximately 3 km to the east of the city centre, in Prague 10. There is good access to the site via Vinohradska, one of the city's main roads connecting directly to the city centre and the Magistrala Highway. Access by public transport is good, with a tram stop directly opposite and a metro stop in close proximity. The scheme comprises a turn-key office unit of 15,276 sq m (NLA) with underground parking. The building is 100% leased by Radio Free Europe and therefore the specification of the building is very high with particular emphasis on security. The building has a substantial boundary and is fully secure with perimeter fencing and security gates for both vehicular and personnel access. Its fair value as of December 2009 was EUR 50.0 Million compared to EUR 55.7 Million in December 2008. Its revenue contribution in 2009 was EUR 3.9 Million. The asset is financed through a EUR 37 Million bank loan, maturing in 2023.

In line with its strategy, the Group continued in 2009 the **disposal of its residential portfolio** in Prague and Berlin. The selling process is being conducted either unit by unit or as a portfolio deal. As at December 2009, there were only 21 units remaining to be sold in Vinohrady portfolio in Prague 2. Since the beginning of disposal program in 2008, 111 units (10.5 thousand sqm) have been sold, generating CZK 955.8 Million revenue.

In 2009, the Group completed several rental asset disposals (including the Vinohrady portfolio) for a total sale price of EUR 60.8 Million generating a loss EUR -1.9 Million. The largest transactions on the investment property portfolio completed in 2009 are summarized below:

- Brno Centrum (shopping center in downtown Brno) was sold for EUR 4.8 Million.
- Immanuelkirchstr. 3-4 (a mixed use building in Berlin) was sold for 10 Million EUR.
- Reinhardtstraße 18 (a mixed use building in Berlin) was sold in 2009 for EUR 8.4 Million.

In 2009, the Group completed several Residential development (Vinohrady Portfolio) in Prague) disposals for a total sale price of EUR 11.3 Million generating a loss of EUR 0.7 Million.

- Among the commercial and investment properties that suffered the biggest relative devaluation are: **Bubenska** EUR -7.4 Million (22.5%) due to the departure of its main tenant, **Budapest Bank** EUR -10.1 Million (-43%) for the same reason, **Plauener Strasse** EUR **-**7.3 Million (-26%), **Stribro Industrial Park** EUR -3.1 Million (-45%).

- The biggest increase in relative valuations was **Hlubocky Olomouc** with a 23% increase of EUR 3.5 Million related to the signature of a 10 year lease contract with Honeywell for the whole property.

7.3.2 Hospitality portfolio

As of December 2009, the hospitality portfolios comprised a total number of operated rooms of 1,734 with an average occupancy rate of 53.1% and an ADR of EUR 99.88. Fair values have been estimated to decrease by 27%, this difference is mainly due external factors explained below for each portfolio.

CEE hotels

In JV with AIG, the Company owns a portfolio of boutique hotels and extended stay residences across Central and Eastern Europe capital cities which are managed and operated by a subsidiary of the Company under the MaMaison brand, Starlight and Courtyard by Marriott. As at 31 December 2009, the 50-50 JV (Orco owning indirectly 44% as being associated with a small institutional partner) owned 12 hotels and extended stay residences (and, together valued at EUR 126.6 Million (vs. 170.1 in 2008). The variance in the portfolio value is in line with the hospitality market trends. The portfolio is consolidated at 50%.

In addition, the Company also has 100% ownership over Pachtuv Palace, a small boutique hotel with 50 apartments, located in central Prague. This asset was valued at EUR 14 .68 Million as of 31 December 2009 (vs. 14.3 Million in 2008).

The properties are overall of a very good quality with no need of capital expenditures investment.
The decrease in values is a consequence of the global decrease in travel which had a direct impact on revenue and EBITDA.

CEE hotels	Number of assets	Number of rooms	Occupancy %	2009 revenues EUR Million	market value 09 EUR Million	change in market value vs 2008 EUR Million
Czech Republic	5	484	54.2	11.6	62 .5	-7.1
Poland	3	220	48.1	5.2	24 .0	-3 .8
Slovakia	1	32	59.3	0.7	0.9	-2.6
Russia	1	84	68.6	6.0	37.0	-7.0
Hungary	3	161	58.9	2.5	16.2	-5.4
Total CEE hotels	13	981	54.8	26.0	140.6	-25.7
*Starlight is excluded for Occupancy and Revenue as it is a lease contract						

The table above shows occupancy and revenues for each property. In 2009, the portfolio generated a total revenue of EUR 26.0 Million, Russia being the largest revenue generator producing 22.7% of the total revenue. Although 2009 has been a challenging year for the overall hospitality market there is a positive prospect for the CEE country according to JLL Hotels Research.

The value of this portfolio has decreased from 2008 to 2009 by EUR 25.7 million which is equivalent to a decrease of 15.4%. This number includes all hotels in the joint venture and the Pachtchuv Palace in Prague. This difference is mainly due to the volatility of the market and the prudent forecasted numbers. As all type of assets our CEE hospitality portfolio has suffer from softer yields which has a direct impact on values, this, coupled with the impact of the overall economical slowdown, particularly with companies cutting cost for business travels, has a negative impact on our CEE hospitality portfolio.

Suncani Hvar Hotels

The Group also owns a 55 %interest in Suncani Hvar, a company listed on the Zagreb Stock Exchange, which is fully consolidated into the Company. Suncani Hvar owns 11 hotels on the Hvar island off the coast of Split, Croatia, that together have over 1,000 rooms which is approximately 90 per cent of the total hotel capacity of the Hvar City. These hotels are also managed and operated by the Group. The overall portfolio value of Suncani Hvar (which also includes other land and assets) amounted to EUR 122.0 Million as of December 2009 vs. 194.3 in 2008). This decrease is directly due to the volatility of the market, yields have been softened and projected incomes depreciated. Hvar is an Island and as such the impact of the macro and micro economic environment is amplified.

Suncani Hvar hotels	**Number of assets**	**Number of rooms**	**Occupancy**	**2009 revenues EUR Million**	**Market value 09 EUR Million**	**Change in market value vs 2008 EUR Million**
Four star category	3	437	48.78	10.4	82.4	-48 .7
Two - three star category	4	316	52.44	2	16	-11.8
Total Suncani Hvar hotels	7	753	50.32	12.4	98 .4	-60.6
*Sirena, Bodul, Galeb were not operated in 2009 and as such are not include in the numbers above.						

No major capital expenditure was undertaken in the hotels in 2009 as hotels are either fully refurbished or in need of complete refurbishment. Some of the hotels were closed or used as staff accommodation.

The fully refurbished assets, operated in the high end segment are the Amfora resort, with its neighbouring Bonj les Bains centre, (the Small Leading Hotel' Adriana and the 'Small Luxury Hotel' Riva), represent in 85.3% of total revenue and 83.7% of the value of the operated hotels. The occupancy of the hotels is based on opened days, as the business is seasonal, most of the hotels being opened from mid- May to September or for private events.

The other operated hotels are the Dalmacja and the Palace hotel, which was partly renovated in 2007, operating as 3 stars hotel , and the Pharos, the Dalmajia 2 and the Delfin, operating as 2 stars, attract tour operators, family and young people. All together they represent 316 bedrooms with occupancy of 52.44% and revenue of almost EUR 2.0 Million.

The Sirena hotel, the Bodul hotel and the Galeb property did not open to business in 2009.

7.4 Liabilities/ financial profile

The calculation of the Loan To Value (LTV) as of December 2009 is shown in the table below:

	December 2009	June 2009	December 2008
Non current liabilities			
Financial debts	484,634	626,340	826,483
Current liabilities			
Financial debts	595,776	522,040	298,761
Current assets			
Current financial assets	-488	-1,754	-2,190
Liabilities held for sale	51,451	10,715	
Cash and cash equivalents	-57,040	-66,813	-83,799
Net debt	**1,074,333**	**1,090,528**	**1,039,256**
Investment property	1,072,304	1,125,522	1,211,718
Hotels and own-occupied buildings	215,393	224,701	245,273
Properties under development	-	9,117	99,673
Financial assets	32,353	60,093	70,681
Inventories	482,605	460,507	529,827
Assets held for sale	48,930	21,380	
Revaluation gains on projects and properties	-3,095	25,967	44,010
Fair value of portfolio	**1,848,490**	**1,927,287**	**2,201,182**
Loan to value before bonds	**58.1%**	**56.6%**	**47.2%**
Bonds	468,616	442,826	440,512
Accrued interests on bonds	16,860	11,293	7,757
Loan to value	**84.4%**	**80.1%**	**67.6%**

As at December 31st 2009, the LTV stands at 84.4% compared to 80.1% in June 2009 and 67.6% as at December 2008. The sharp increase of the LTV ratio over 2009 stems from the downward reevaluation of assets values reported above, while liabilities slightly increased in nominal terms and were not revalued irrespective of their market value or of the management plans to restructure the bonds debt.

This LTV level before bonds is deemed as sustainable by the management, given the market stabilization of assets valuation and the relatively good revenue stream of Orco's portfolio on one hand, and the debt restructuring plan on other hand.

Management expects the LTV ratio to decrease in the future with the debt restructuring and possibly asset value rebound, and will closely monitor this ratio in order to assure the long term amortization of the bond debts..

Cash and cash equivalents

Cash and cash equivalents have decreased by EUR 26.8 Million compared to December 2008. Available cash (see note 17 of the consolidated financial statements on restricted cash), only decreased by EUR 7.0 Million while investments for finalization of developments were carried on with loan to construction draw downs of around 75%.

Bank liabilities

The slight increase in financial debt is the consequence of both the further draw downs for the finalization of development works mainly on Sky Office, H2 Office, Palac Archa and Vaci 1 and the increase of the Central European currencies towards the Euro.

62% relate to the income producing commercial portfolio, which despite the downwards valuations show both growing rental revenues and growing EBITDA.

38% of the bank loans relate to non income producing land bank and projects under construction. It is a priority of the Group, as developed in the Business Plan, to reduce that ratio by completing development projects and initiating land developments or land sales.

Analysis of maturities

In EUR Million	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
As as 31 December 2009	706.4	18.5	650.8	224.7	**1600.4**
As as 31 December 2008	309.8	221.4	649.7	384.9	**1565.8**

in EUR Million	Less than one year	1 to 2 years	2 to 5 years	More than 5 years	Total
As as 31 December 2009	706.4	18.5	650.8	224.7	**1600.4**
As as 31 December 2008	309.8	221.4	649.7	384.9	**1565.8**

The total amount of debts to be refinanced or repaid upon sale of the assets in 2010 amounts to EUR 706.4 Million (See note 20.3 of the consolidated financial statements on borrowings maturity). This amount includes EUR 59.2 Million of bonds that are proposed to be termed out within the Safeguard plan, EUR 51.4 Million of loans financing assets that are held for sale and EUR 259 Million of assets and developments that are planned to be sold in the short term. The management is confident in its abilities to further refinance or prolong the remaining EUR 329 Million of debt, in line with its 2009 achievements where 35% of the bank debt was refinanced.

Bond liabilities

Bond liabilities (including accrued interests and embedded derivatives not classified as equity) are recorded in the consolidated financial statements at EUR 510.6 Million, and not at fair value, at the discounted value at which bonds are traded on the markets.

To the Company's knowledge, there is no or very little liquidity on OPG bonds 2011, 2012 and 2014. Small sized deals have occurred for the Bonds 2010 and 2013 since March 2010 for a volume of EUR 2 Million. The weighted average trading price of the Bond 2013 stands at 25.67% of nominal value, whereas only one deal has been observed for the bond 2010 at 25% of nominal value. Nevertheless, it cannot be concluded that 25% of nominal value is the price at which OPG bonds are traded on average as traded volume on the market is very low. The Company has not been provided with over the counter data.

As a result of rejection by the bondholders of all proposals from the Group management intending to convert totally or partially the bond debt into equity, a Plan de Sauvegarde has been circulated proposing the term out with an amortization over ten years.

Should the expected debt restructuring be adopted by the Paris Commercial Court by June 2010 the bonds debt will be accounted for in accordance to the rescheduling plan at their net present value over the period, that may significantly reduce the expected recorded value of bonds and, as a result improve significantly the global LTV.

7.5 Net Asset Value

Using similar calculation methodologies as in previous years, the Group Net Asset Value per share as of December 2009 is at EUR 8.2 compared to EUR 42.5 as at December 2008 and EUR 15 at June 2009. The evolution is mainly the result of the change in the real estate portfolio valuation and the deferred taxes recognized in the balance sheet thereon. The variation in the other balance sheet items is mainly the consequence of the increase of the bank loans financing the projects under construction.

Most publicly traded property investors however do not use Orco's historic methodology and follow the EPRA recommendations. The Company therefore plans to introduce in 2010 the EPRA "Triple Net Asset Value per share" methodology described below. The Management does not make any assessment of the bonds' market value but intends to give the elements for the readers to make their own opinion. With a discount to nominal value of the bonds issued by the Group, the Triple Net asset value is estimated between EUR 11 and EUR 18 per share.

	December 2009	June 2009	December 2008
Consolidated equity	**56,578**	**97,618**	**304,633**
Fair value adjustments on investment portfolio	0	0	784
Fair value adjustments on hotels and own occupied buildings	10,562	15,457	46,242
Fair value adjustments on properties under development	0	0	-18,631
Fair value adjustments on inventories	-13,657	10,516	15,615
Deferred taxes on revaluations	58,438	64,539	141,356
Goodwills	-22,748	-24,759	-29,305
Own equity instruments	82	649	4,190
Net asset value	**89,255**	**164,020**	**464,884**
Net asset value per share	8.16	14.99	42.48
Existing shares	10,944	10,944	10,944
Net asset value	**89,255**		
Effect of dilutive instruments	169,547		
Market value of bonds (50% discount)	221,819		
Triple Net asset value	**480,621**		
Triple net asset value per share	13.67		
Fully diluted shares	35,165		

Bond discount of nominal	30%	40%	50%	60%	70%	80%
Triple NAV	11.01	12.34	13.67	15.00	16.33	17.66

The debt rescheduling to be adopted under the Safeguard plan, which shall imply a discount of the annuities over the period of the plan, is expected to translate into a lower carrying amount of bonds' debts, therefore reducing the gap between the two NAV calculations methodologies.

Orco historic NAV Methodology:
The net asset value as a consequence of the definition below is calculated as follows:

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

Finally, only the part attributable to owners of the Company is retained.
The Net Asset Value is calculated on a group share basis starting from the IFRS consolidated balance sheet values (see the balance sheet and the variation thereon reported in the IFRS consolidated financial statements) with adjustments as detailed below Equity attributable to owners of the Company:

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

Triple net NAV Methodology:

The triple net NAV is an EPRA recommended performance indicator.
Starting from the NAV following adjustments are taken into consideration:
- Effect to dilutive instruments: financial instruments issued by company are taken into account. When they have a dilutive impact on NAV, meaning when the exercise price is lower than from the NAV. The number of shares resulting from the exercise of the dilutive instruments is added to the number of existing shares to obtain the fully diluted number of shares.
- Derivative instruments: the calculation includes the surplus or deficit arising from the mark to market of financial instruments which are economically effective hedges but do not qualify for hedge accounting under IFRS, including related foreign exchange differences.
- Market value of bonds: an estimate of the market of the bonds issued by the group. It is the difference between group share in the IFRS carrying value of the bonds and their market value. As at December 31 2009 the Group share of the bonds' carrying value and accrued interests amount to EUR 455.9 Million.

8. 2009 unaudited financial results

Throughout the year 2009, Orco Property Group has pursued its strategic and financial restructuring plan within the framework of the "Procédure de Sauvegarde" amongst a challenging environment in its Central European markets. The revenues as of December 2009 reached EUR 251.5 Million compared to EUR 299.9 Million as of December 2008.

As part of the strategic review of the Group's assets, some development programs were put on hold during negotiations with financial partners which has led to large investment properties devaluations and development impairments for the year ending December 31, 2009.

Consequently, the Group recognized a loss for its Group share amounting to EUR 250.6 Million compared to a loss of EUR 390.6 Million in 2008. The restructuring and cost efficiency plan implemented in 2009 has led to an increase of adjusted EBITDA by 34% to EUR 29.9 Million. Orco Property Group ends the year 2009 with EUR 57.0 Million in cash and cash equivalents.

8.1 Income statement

Revenues

Orco Property Group reports EUR 251.5 Million of revenues as of December 2009, representing a 16.1% decrease year on year. Development Revenues decreased by EUR 27.6 Million representing a decrease of 17.6% and Commercial Investment properties revenues by EUR 31.5 Million, a decrease of 19.1% compared to 2008.

The table below illustrates the revenue breakdown by business segment:

in EUR million	Development	Commercial Investment Properties	Intersegment activities	TOTAL
2009	129,4	133,8	-11,7	**251,5**
2008	157,1	165,3	-22,4	**299,9**
Variation	-27,6	-31,5	10,7	**-48,4**

Development business line
Revenues for the Development business line decreased by 27.6 Million as a result of lower residential sales and the absence of commercial sales while construction works on some properties were finalized in 2009. Excluding sales of two abandoned projects (Fehrbelliner Hofe and City Gate amounting to EUR 28.3 million), the development business line turnover amounted to EUR 101.1 Million.

Residential development

In 2009, the residential development activity generated EUR 81.2 Million (EUR 128.5 Million in 2008), of which almost 69% realized in the Czech Republic. Main contributors were Nove Dvory (EUR 10 Million), Plachta III (EUR 8.1 Million) and Kosic 3A (EUR 6.9 Million) in Czech Republic, last German residential units (EUR 5.9 Million) Mokotowska (EUR 4 Million) and Szafirowa Aleja (EUR 3.5 Million) in Poland and Parkville in Slovakia (EUR 4.4 Million)

Despite the completion over H2 2009 of Benice 1A (8 units), Nove Dvory (100 units) and Kosic 3A (117 units for the 50% integrated), the Group has registered a 34% decrease in its units delivered and recognized in revenues in 2009, to 437 units compared to 764 in 2008 (excluding Germany). The backlog on projects either finalized or under construction amounts to 484 units in The Czech Republic out of which 58 are covered by a future purchase or a reservation contract and to 587 units in Poland out of which 223 are covered by a future purchase or a reservation contract. In Germany, there are only few units left to sell on the residential developments.

Given the drop in market demand across CEE countries, the Group decided to put on hold several residential projects that were planned to start construction in 2009 (such as Praga, V Mezihori, Vavrenova and U Hranic in the Czech Republic; Drawska 2, Krakow and Szczecin in Poland; and City Gate and Stein in Slovakia, which were sold / planned to be sold).

Among the new projects for 2010 - 2011 validated by the Investment Committee in 2009 are Mostecka project (56 units), and Americka 11 (14 units). Other projects ready to start construction include Mezihori (142 units), Kosik 3b (100 units for the 50% integrated), Vavrenova (86 units) and U Hranic (140 units). They will be presented to the Investment Committee over the coming months depending on demand, rescheduling of specifications and financing availability.

The Group continues preparing permits demands for new developments to be launched in 2011 and 2012 as soon as the market demand rebounds. Projects include Benice 3, U Hranic, Krakow etc. It is also expected to restart works on the Zlota 44 tower in Warsaw as soon as the building permit is re-validated.

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

Non-residential revenues

Non-residential revenues include sales of commercial buildings (EUR 2.0 Million in 2009 and EUR 11.6 Million in 2008, in Germany for both years), management fees and rents on buildings that are to be redeveloped or on projects where construction works have been finalized and tenants moved in while the building is planned for sale. The Group is currently finalizing constructions works and tenant fit out requirements on Sky Office in Dusseldorf, H2 Office in Duisburg, one office building in Berlin, healthcare projects in Germany and Hradcanska office building in Prague. They are planned to be sold in 2010 for potential with commercial development revenues above EUR 200 Million.

Commercial Investment Properties business line

The Commercial Investment Properties business line achieved revenues of EUR 133.8 Million compared to EUR 165.3 Million in 2008. This decrease of EUR 31.5 Million is the result of a decrease of EUR 19.7 Million in revenues from Group assets excluding hotels, of EUR 9.3 Million in hospitality revenues, of EUR 2.5 Million in Endurance Fund management fees.

Rental activities

The revenues decreased by 13% to EUR 105.4 Million despite no major change in the occupancy rate of the Group rental assets or nominal rent. The drop in rrevenues of EUR 19.7 Million is mostly due to the absence of revenues from assets sold over the last 18 months and the negative impact of the devaluation of the Ruble on Molcom revenues.

In the GSG portfolio in 2009, there were more than 2,000 lease contracts in place which generated 40.9 Million EUR plus 6.7 Million EUR of service charges reinvoiced to clients, showing an increase of 5,1% YoY 2008 (a 0.7% increase compared to H1 2009) and 15,9% YoY 2006. In the meantime, the portfolio occupancy reached 76,2%, up by 6 points since takeover in June 07 (Net take up 50,000 sqm).).
Molcom generated a yearly revenue contribution of EUR 18.8 Million, in decrease of 11.7% partly due to the negative impact of the devaluation of the Ruble (-4.5% over 2009) and not only include rental income but also logistic services provided to tenants.

Developments for the rental portfolio have been finalized with the deliveries of 3 commercial projects in 2009: Hradcanska and Palac Archa in The Czech Republic, Paris Department Store in Budapest. Despite the fact that these assets contributed only with EUR 1.8 Million revenue in 2009, the Group estimates their revenue contribution for 2010 to reach EUR 4.4 Million as progress is made on leasing.

Hospitality activities

CEE portfolio's performance in 2009 was below 2008 results, with occupancy down by 4.6% to 54.8%, while ADR was down 24% to EUR 93.1. Full year results for 2009 were disappointing due to macroeconomic conditions. Operating profit was affected by the decrease of of revenues, however, partly protected by the Cost Containment Plan introduced by the Asset Manager in February 2009.

Although the overall portfolio results considerably dropped, there were regional disparities:
• In Moscow, Pokrovka had a strong fourth quarter 2009 compared to thye same period in 2008, bearing good for 2010 prospects. okrovka maintained a high ADR (almost EUR 200) and achieved an occupancy above expectations. It recorded a 9% RevPAR growth in Q4 (in local currency) when the competition dropped by 14%.

• In Prague and Budapest, hotels were heavily hit by the economic downturn.

Despite a noticeable drop in demand vs 2008, almost all hotels in the portfolio were ahead of their competitors.

• In Croatia, Suncani Hvar revenues decreased by 20% compared to 2008 affected by the global economic crisis, as Hvar is reliant on foreign tourism that slumped globally during 2009. , Occupancy and rates in 2009 for operating hotels increased compared to 2008 by 2 percentage points but decreased compared to 2007 by 2 percentage points. Also costs were slashed by closing some of the non profitable hotels, even during the season. **This strategy has led to a decline in revenues but a better operational result before amortization and impairments** (EUR -3.1 Million compared to EUR -5.0 Million in 2008). This is the result of improvement in overall cost management. We believe that EBITDA could continue to improve in the next 5 years with strong focus on effective cost and yield management.

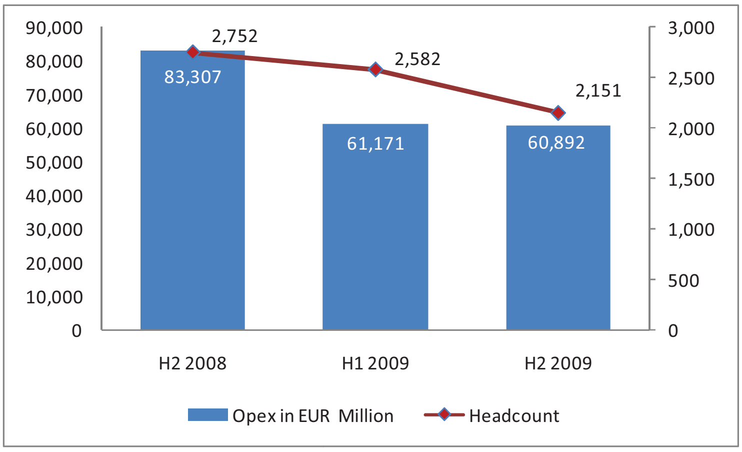
Asset Management

The Endurance Fund management fees amounting to EUR 3.9 Million (EUR 6.4 Million in 2008) are lower than in the previous year revenues due to the absence of any acquisition or fund raising activities, leaving mainly the base management fees. These revenues are expected to be stable over 2010.

Operating expenses and Headcounts

Operating expenses correspond to the sum of the Employee benefits line and the Other operating expenses line of the income statement. Excluding the non cash cost of warrants allocation as restated in the chart below (amounting to EUR 3.5 Million as per the independent valuation at 'fair value') , the operating expenses amount to EUR 122.1 Million compared to EUR 158.6 Million in 2008, a decrease of 23%. This decrease is the consequence of the restructuring plan implemented in 2009 and accelerated under the Safeguard protection. The decrease would have been sharper without all the legal and consulting costs specific to the Safeguard procedure amounting to EUR 3.7 Million..

Further decreases are expected in 2010 and 2011 with the restructuring of Orco Germany to be completed by the end of June 2010, and the restructuring of the group management in two business lines (Development and Commercial Investment Properties) also to be completed by the end of June 2010.



Net loss on disposal of assets

In 2009 the context was not favorable for disposal of assets at non distressed prices. The Company has been trying to limit the sale of assets to non strategic assets ie those non fitting the business or geographical strategy of the Group, or those with reduced profitability outlook.
Over 2009, assets have been sold for a total consideration of EUR 66.6 Million generating a net loss of EUR 0.6 Million and net cash inflow of EUR 30.0 Million. Including the sale of two high risk profile projects (the luxury residential projects Fehrbelliner Hofe in Berlin and City Gate in Bratislava) that have been abandoned and sold, total of asset sales amounts to EUR 95.1 Million and net cash inflow of EUR 35.1 Million. EUR 46, 6 Million of total asset sales were done in Germany. Also, as part of the restructuring and cost control plan the property management service activities have been sold and externalized for a consideration of EUR 0.4 Million.

Adjusted EBITDA

The Group continues its shift towards profitability and cash flow generation, the decrease in revenues has been more than compensated by the decrease in operating expenses and cost of goods sold. The adjusted EBITDA amounts to EUR 29.9 Million as at December 2009 showing an increase of 34% compared to EUR 22.3 Million December 2008 and EUR 11.4 Million in June 2009. The main contributor to this increase is the sharp reduction of Adjusted EBITDA loss of the Development business line. The Commercial Investment Properties line has more suffered from the decrease in revenues of the Endurance Fund management fees and reduced profitability of incoming investment properties that are not stabilized yet.

Overall, the decrease in revenues (excluding the sales of Fehrbelliner Hofe and City Gate) is more than compensated by the cost reduction plan with reduction of costs of good sold, lower employee benefits decreasing by 17% and other operating expenses decreasing by 23% despite the restructuring costs. The Company continues its shift from a growth oriented model to a profitability oriented one.

In EUR Million	Development	Commercial Investment Properties	TOTAL
Adjusted EBITDA - FY 2008	-18,061	40,392	22,330
Adjusted EBITDA - FY 2009	-4,813	34,668	29,855
Variation	**13,248**	**-5,724**	**7,525**

Valuation adjustments and impairments

The net result from fair value adjustments on investment properties as at December 2009 amounts to EUR -177.6 Million (EUR -217.0 Million in 2008).

The amortization, impairments and provisions amounting to EUR -89.4 Million as at December 2009 compared to EUR -188.5 Million in 2008 include EUR -74.4 Million impairments on properties and development projects (EUR -154.9 Million in 2008). Impairments on buildings under construction are mainly the consequence of the increase of the expected developers margin taken into account in the valuation model.

The total of impairments and amortization on real estate assets amount to EUR -249.7 Million compared to EUR 371.8Million in 2008. The amount of amortization and impairments recognized on real estate assets over the second half of 2009 were slightly positive with the net amount improving by EUR 2.5 Million. Mainly further decrease in rental assets values have been more than compensated by lower impairments on developments with constructions finalized and units sold over the second half of 2009.

	December 09			June 09			December 08		
In EUR Million	Revaluation	Impairment	Total	Revaluation	Impairment	Total	Revaluation	Impairment	Total
Development	-81,288	-33,243	**-114,531**	-66,768	-66,824	**-133,593**	-119,613	-73,953	**-193,565**
Asset Management	-96,309	-38,895	**-135,204**	-86,513	-32,053	**-118,566**	-97,338	-80,937	**-178,275**
Total	**-177,598**	**-72,138**	**-249,736**	**-153,282**	**-98,878**	**-252,159**	**-216,951**	**-154,890**	**-371,841**

The changes in value are detailed in chapter 7, real estate portfolio valuation and net asset value.

Financial result

The financial result shows a loss of EUR 110.2 Million compared to a loss of EUR 127.6 Million in 2008. Out of a total interest charge of EUR 86,8 Million, interests on bonds account for EUR 37.1 Million (EUR 33.9 Million in 2008) out of which EUR 3.3 Million relates to Orco Germany OBSAR (EUR 2.7 Million in 2008). As a result of the “Procédure de Sauvegarde“, the accrued interests on OPG bonds amount to EUR 16.3 Million compared to EUR 8.2 Million as of December 2008. Bonds’ intererests accounting should be significantly modified in 2010 with the expected adoption of the Safeguard Plan.

The financial loss has decreased as a result of the improved foreign exchange result from a loss of EUR 21.2 Million to a gain of EUR 4.7 Million, the decrease in the other net financial results, partially compensated by the higher net interest expenses increasing by EUR 13.5 Million. This last increase is mainly the consequence of a lower capitalization of interest expenses (EUR 10.5 Million compared to EUR 22.1 Million in 2008) with commercial project constructions works being finalized or development being put on hold while global debt on developments increased.

Income taxes

The income taxes have a positive impact of EUR 48.9 Million composed of EUR 8.1 Million of current income tax expenses and EUR 57.0 Million of deferred income taxes gain arising essentially from reversal of deferred tax liabilities after real estate assets valuation adjustments and impairments

8.2 Annual Statutory financial status

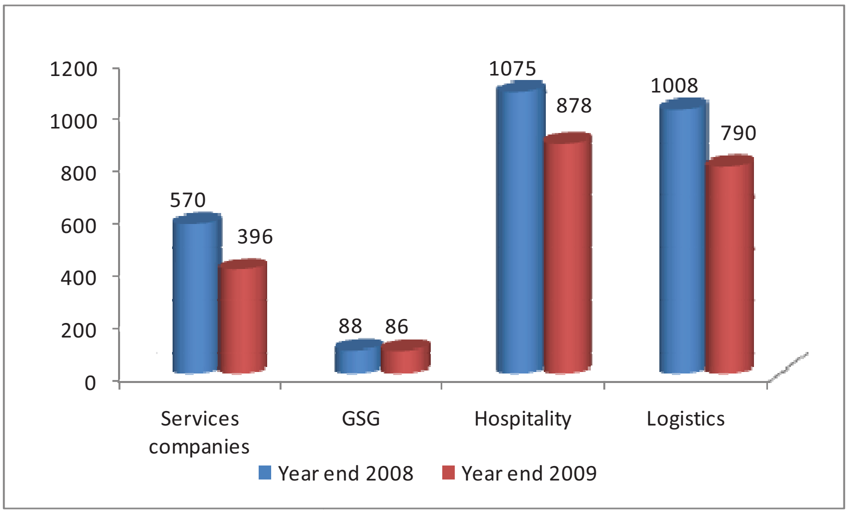
As of December 2009 the total assets of the Group mother company, Orco Property Group S.A amount to EUR 568.3 million compared to EUR 790.2 million as of December 2008.
The net equity amounts as of December 2009 to EUR 31.7 million including a loss brought forward of EUR 200.1 million vs EUR 249.4 million as of December 2008.

The Company reports a loss of EUR 217.7 Million mainly due to EUR 199.5 Million of valuation adjustments as of December 2009, compared to EUR 240.5 million as of December 2008.The improvement of the net result is also due to the gain on disposal on investment securities amounting to EUR 3.5 million and to the decrease of the realized and unrealized loss on foreign exchange related to the interests payable of EUR 17 million compared to the prior year.

The subscribed shares capital of the Company which amounts to EUR 44.9 Million is considered as the corporate capital of the Company. The losses of the Company which amounts to EUR 13.1 Million does represent 29.25% of the corporate capital of the Company. Therefore, the requirements of Article 100 of the Luxembourg law dated 19 August 1915 as amended are not fulfilled and there is no legal or statutory requirement for the Board of Directors of the Company to convene a general meeting of the shareholders of the Company to resolve on the continuation of the Company.

9. Human resources

As a result of the Group restructuring, the headcount decreased across all countries, reaching 2,151 as of December 2009 vs. 2741 in December 2008, (- 22%). The most significant year over year drop was in achieved in the service companies (-31%), followed by logistics (22%). The employees for the hospitality operations have decreased by 18%.



The headcount is expected to fall further to by the end of 2010. Further restructuring of overheads is anticipated during 2010 to take the total overhead costs from EUR 19 Million to EUR 15 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 has closed down its offices in all Czech and German cities except Prague, Berlin and Dusseldorf and has been fundamentally scaling back Bratislava or Budapest.

Lastly, Suncani Hvar will also be the subject of a restructuring plan in 2010 affecting headcounts.

10. Corporate governance

In order to ensure enhanced transparency and shareholder control, the group implemented several changes to its corporate governance structure.

10.1 Board of Directors

The Board of Directors represents collectively the shareholders and acts in the best interests of the Company. Each member, whatever his/hers designation, represents the Company's shareholders. The Board of Directors meetings are held as often as deemed necessary or appropriate at the request of the Chairman. All members, and in particular the independent and non-executive members, are guided by the interests of the Company and its business, such interests including but not limited to the interests of the Company's shareholders and employees. Each member attends to improve his/hers knowledge of the Company and its activity sector and subjects him/herself to a vigilance, circumspection and confidentiality duty.

The members of the Board of Directors are elected by the general meeting of shareholders for a period not exceeding six years. They are eligible for re-election and may be removed at any time, with or without cause, by a resolution adopted by the simple majority of votes of the general meeting of shareholders. The Directors may be either natural persons or legal entities. A legal entity that is appointed to the Board of Directors shall designate a natural person as its representative.

During the general meeting of shareholders held on 8 July 2009, the mandate of seven members of the Board of Directors was renewed and another seven members were newly appointed. The new Board of Directors has been enlarged and enriched with the expertise of new members, mostly independent and non-executive members. All members of the Board of Directors have a mandate until the general meeting of shareholders approving the accounts for the financial year ended on 31 December, 2009. The general meeting of shareholders held on 8 July 2009 appointed the following members of the Board of Directors:

- Mr. Jean-François Ott, executive member
- Mr. Pierre Cornet, independent member
- Mr. Silvano Pedretti, independent member
- Mr. Nicolas Tommasini, executive member
- Mr. Guy Wallier, independent member
- Ott & Co. S.A., legal entity represented by Mr. Jean-François Ott, executive member
- Central European Real Estate Management S.A., ("CEREM") legal entity represented by Mr. Jean-François Ott, executive member
- Mr. Bernard Kleiner, independent member (newly appointed)
- Mr. Alexis Raymond Juan, independent member (newly appointed)
- Mr. Robert Couke, independent member (newly appointed)
- Mr. Ales Vobruba (newly appointed), executive member
- S.P.M.B. a.s. (a subsidiary of Prosperita Holding) (newly appointed), legal entity represented by Ms Eva Janeckova, non – executive member
- Prosperita investicni spolecnost, a.s. (newly appointed), legal entity represented by Mr. Miroslav Kurka, non – executive member
- Geofin, a.s. (newly appointed), legal entity represented by Mr. Daniel Barc, non – executive member.

Mr. Pierre Cornet resigned from the Board of Directors, such resignation being effective since 21 October 2009. CEREM is in voluntarily liquidation since 18 December 2009 and is expected to resign from the Board of Directors.

As of December 2009 the Board of Directors consists of:

- 5 executive members representing the management of the Company: Mr. Jean-François Ott, Mr. Nicolas Tommasini, Mr. Ales Vobruba, and Ott&Co S.A., represented by Mr. Jean-François Ott, and CEREM, represented by Mr. Jean-François Ott.
- 5 independent members: Mr. Silvano Pedretti, Mr. Guy Wallier, Mr. Bernard Kleiner, Mr. Alexis Juan, and Mr. Robert Coucke.
- 3 non-executive members representing the shareholders: Geofin, a.s, Prosperita investicni spolecnost, a.s., and S.P.M.B. a.s.

Mr. Jean-François Ott was appointed as Chairman of the Board of Directors and Mr. Nicolas Tommasini was appointed as Secretary of the Board of Directors.

Committees of the Board of Directors

The Board of Directors held on 7 September 2009 resolved to create the following committees:

- Audit Committee,
- Remuneration, Appointment and Related Party Transaction Committee,
- Restructuring Committee,
- Investment and Development Committee.

The Board of Directors appointed members of these committees, whereas the independent and non – executive directors prevail among the members of the committees.

Audit Committee

Members of the Audit Committee are Mr. Bernard Kleiner (chairman), Mr. Silvano Pedretti, Mr. Alexis Juan and Mr. Nicolas Tommasini. The Audit Committee reviews the Company's accounting policies and communication of financial information. Since the appointment of the current Audit Committee, there were two meetings in 2009.

Remuneration, Appointment and Related Party Transaction Committee

Members of the Remuneration, Appointment and Related Party Transaction Committee ("Remuneration Committee") are Mr. Guy Wallier (chairman), Mr. Robert Coucke and Mr. Jean-François Ott. The Remuneration Committee presents proposals to the Board of Directors about remuneration and incentive programmes to be offered to the management and the Directors of the Company. Remuneration Committee also deals with related parties transactions. Since the appointment of the current Remuneration Committee, there were two meetings in 2009.

Restructuring Committee

Members of the Restructuring Committee are Mr. Alexis Juan (chairman), Prosperita investicni spolecnost a.s. represented by Mr. Miroslav Kurka, Mr. Ales Vobruba and Mr. Jean-François Ott. The Restructuring Committee focuses on restructuring, cost cutting and other saving efforts within the Company. Since the appointment of the current Restructuring Committee, there was one meeting in 2009.

Investment and Development Committee

Members of the Board of Director's Investment and Development Committee are Mr. Silvano Pedretti (chairman), Mr. Robert Coucke, Mr. Ales Vobruba and Mr. Nicolas Tommasini. In 2009, there was no meeting of the Investment and Development Committee since its appointment in September.

10.2 Management of the Company (Executive Committee)

As of December 2009, the Company's Executive Committee consists of the following members:

- Mr. Jean-Francois Ott, Chief Executive Officer
- Mr. Nicolas Tommasini, Chief Financial Officer and Deputy Chief Executive Officer
- Mr. Ales Vobruba, Managing Director of ORCO Czech Republic and ORCO Slovakia
- Mr. Martin Gebauer, Director of Asset Management
- Mr. Yves Desiront, Deputy Chief Financial Officer
- Mr. Ogi Jaksic, Development Director

The members of the Executive Committee are meeting on a regular basis to review the operating performances of the business lines and the containment of the operating expenses. The Executive Committee members are also the permanent members of the management investment committee which is the governing body for all management decisions or preparation of committes analysis concerning the acquisition, sale or development of any real estate asset. A new procedure has been established on the basis of the business lines' management formalizing the decision chain and triggers.

The Company's management team went through a thorough restructuring in 2009, with Mr. Steven Davis, Mr. Luc Leroi, Mr. Arnoud Bricout, Mr. Douglas Noble, and Mr. Keith Lindsay leaving the Company and Mr. Ogi Jaksic joining.

11. Shareholding

11.1 Amount of share capital

As at 31 December 2009, the subscribed and fully paid-up capital of EUR 44 869 850.60 (EUR 44 869 850.60 in 2008) is represented by 10 943 866 shares (10 943 866 in 2008) with a par value of EUR 4.10 per share.

11.2 Shareholding structure

To the best of Orco knowledge, the following table sets out information regarding the ownership of the Company's shares as of 31st of December 2009.

Shareholders	No. of shares	% of capital	% of voting rights
Ott & Co S.A.	176,343	1.61%	1.61%
Treasury shares	9,101	0.08%	0.08% (suspended)
Other	10,761,422	98.31%	98.31%
Total	10 943 866	100%	100%

On the 24th of March 2010, a group of shareholders holding 10.09% of the Orco Property Group's shares and voting rights. They asked the OPG board of directors to convene an extraordinary General assembly before the end of April 2010. They are composed of
Millenius Investments S.A., a « société anonyme » located 37 rue d'Anvers, L-1130 Luxembourg, RCS B 149.601, whose directors are Gaël Paclot, a French National residning in Switzerland, Jean Van den Esche and Mario Brero and which economic beneficiary is Gaël Paclot, 44 rue Berard, CH-1936 Verbier (Switzerland)

- **Clannathone Stern S.A.,**a « société anonyme » located 11, rue des Colonies, B-1000 Bruxelles, RCS 0867341435, represented by MM Alain Bremont, Jean-Louis Geylard and Johanna Klerk, and whose economic beneficiary is Eric Cleton.
- **Bugle Investments Ltd**, an « *international business company* » located in Seychelles, ,Suite 13, First Floor, Oliaji Trade Centre, Francis Rachel Street, Victoria, Mahe, Republic of Seychelles, which representative and economic beneficiary is Marc Catellani, a French national residing in Swiss resident.

None of the Company's principal shareholders has voting rights different from any other holders of the Company's Shares.
To the Company's knowledge, the Company is not aware of any person who owns, directly or indirectly, or exercises control of the Company.

The information collected is based on the notifications received by the Company from any shareholder exceeding either up or down the thresholds of 2,5%, 5%, 10%, 15%, 20%, 33%, 50% and 66% of the aggregate rights of vote in the Company.

Any shareholder crossing down the threshold of 2.5% has been withdrawn from the chart, as no obligation exists under Luxembourg law to inform the Company when the 0% threshold has been reached.

Post closing event: On 19 March 2010, the Company has been notified by Millenius S.A. a Luxembourg company having its registered office at 37 rue d'Anvers, L-1130 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B149.601 that it has crossed the threshold of 5% of the voting rights of the Company on 16 March 2010 and holds 7.744% of the rights of vote in the Company.

In reference to the Luxembourg law of May19th, 2006 the board especially states on the following points:

- The structure of the capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents;
  - The share capital of Orco Property Group is represented by only one class of shares which are all admitted for trading on the Paris stock exchange, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest Stock Exchange.

- Any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC;
  - there is no restriction on the transfer of securities

- Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC :
  - None of the Company's principal shareholders has voting rights different from any other holders of the Company's Shares.
  - To the Company's knowledge, the Company is not aware of any person who owns, directly or indirectly, or exercises control of the Company.

- The information collected is based on the notifications received by the Company from any shareholder exceeding either up or down the thresholds of 2,5%, 5%, 10%, 15%, 20%, 33%, 50% and 66% of the aggregate rights of vote in the Company. Any shareholder crossing down the threshold of 2.5% has been withdrawn from the chart, as no obligation exists under Luxembourg law to inform the Company when the 0% threshold has been reached.
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- The holders of any securities with special control rights and a description of those rights
  - This is not applicable

- The system of control of any employee share scheme where the control rights are not exercised directly by the employees
  - This is not applicable. The Group has no employee share scheme. Nevertheless, a share option plan has been set up. Share options are granted to certain directors and senior employees. The options are granted at the market price on the date of the grant and are exercisable at that price.

- Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities
  - There is no restriction on voting rights

- Any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC;
  - To the knowledge of the board of directors, no shareholders agreements have been entered by and between shareholders.

- The rules governing the appointment and replacement of board members and the amendment of the articles of association;
  1. With respect to the appointment and replacement of board members, please refer to section 10.1 – Board of Directors of the Management Report
  2. Amendment of the Articles of Association of the Company:

According to article 23 of the articles of association of the Company, the extraordinary general meeting debating as defined below, may modify the Articles of Association in all their provisions. A change in the nationality of the Company and the increase in the commitments of the shareholders however may only be decided with the unanimous approval of the shareholders and of the bondholders.
The General Meeting may deliberate validly only if one half at least of the corporate capital is represented and if the agenda of the meeting includes the statutory changes considered, and as the case may be the wording of those bearing on the corporate purpose or legal form of the Company. In the event that the first of the above conditions is not fulfilled, a new meeting may be convened in accordance with statutory requirements, by way of notices inserted twice with a fifteen day interval at least and fifteen days prior to the date set for the meeting, in the Mémorial and in two Luxembourg newspapers. Such convening notice shall give the agenda of the meeting, inclusive of the date and outcome of the previous meeting. The second meeting shall deliberate validly whatever the part of the corporate capital represented thereat. In

order to be valid, resolutions as adopted must at both meetings be approved by two thirds at least of those shareholders present or represented thereat.
Any modification bearing on the corporate purpose or legal form of the Company must be approved by the General Meeting of bondholders. Such meeting shall deliberate validly only if one half at least of the securities outstanding are represented and if the agenda of the meeting includes the modifications considered. In the event that the first of the above conditions is not fulfilled, a new meeting may be convened in accordance with the same conditions as are provided for in the preceding paragraph.
At the time of the second meeting, bondholders who are neither present nor represented shall be considered as attending thereat and voting the proposals put forward by the Board of Directors.
Under penalty of nullity however:

- the convening notice must include the agenda of the first meeting, inclusive of its date and outcome ;
- it must specify the proposals of the Board of Directors regarding each one of the items on that agenda of the meeting, inclusive of any modification considered ;
- and include a notice intended for the bondholders that any failure on their part to attend the meeting shall represent an approval from them of the proposals put forward by the Board of Directors.

At the time of both meetings, resolutions shall be validly adopted if approved by two third of the votes.
Convening notices to General Meetings shall be issued in accordance with legal provisions. They shall not be necessary whenever all shareholders are present or represented and declare having had foreknowledge of the agenda of the meeting.
The Board of Directors may decide that in order to be able to attend the General Meeting, the owner of shares must deposit such hares five clear days prior to the date set for the meeting ; any shareholder may vote in person or through a proxy, who need not be a shareholder of the Company.
Each share entitles to one vote.

- The powers of board members, and in particular the power to issue or buy back shares; please refer to section 11.4 – Authorised capital not issued of the Management Report.
- any significant agreements to which the company is a party and which take effect, alter or terminate upon a change of control of the company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the company; this exception shall not apply where the company is specifically obliged to disclose such information on the basis of other legal requirements;

    - Under the **SECURITIES NOTES AND SUMMARY DATED 22 MARCH, 2007** with respect to the issue of €175,000,461.60 seven year bonds with redeemable warrants attached, upon a Change of Control (as defined in Condition 4.1.8.1.2.1 of the related prospectus) in relation to the Company, each Bondholder will have the right to require the Company to redeem its respective Bonds as further described under clause 4.1.8.1.2.1 of the securities notes.
    - Under the **SECURITIES NOTES DATED 17 MAY 2006** with respect to the issue of a convertible Bond in a nominal amount of € 149 999 928 without preferential subscription rights. In case of change of control the bondholders are entitled to ask for an early redemption in case of change of control as further described under clause 4.1.8.1.3.2. of the securities notes.

- Any agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.
    - 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.

11.3 Stock subscription rights

During 2009, the stock option plan voted by the Board of Directors on 21 January 2008 was not allocated due to the financial conditions.
No options were exercised in 2009. As at 31 December 2009, 60,000 options at EUR 75.6 are outstanding.

11.4 Authorized capital not issued

The Extraordinary Shareholders' Meeting of 8 July 2008 renewed the authorisation granted by shareholders to the Board of Directors on 18 May 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 capitalisation 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 8 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 shall be issued at the minimum at the par value price of EUR 4.10, a maximum total of 62 226 866 new shares may still be created.

11.5 Transactions on treasury shares in 2009

As at 31st December 2009, the Group owns 9,101 treasury shares (0.08% of total shares). In 2008, the Group owned 125,866 treasury shares representing 1.1 % of total shares.

11.6 Dividend policy

Holders of the Shares are entitled to the annual dividend proposed by the Board of Directors of the Company in respect of the Company's fiscal year. The declaration, payment and amount of dividends on the Shares are subject to the approval of the Shareholders at the annual shareholders' meeting.

The Company has paid dividends between 2004 (for the fiscal year 2003) and 2008 (for the fiscal year 2007). For the fiscal years 2005, 2006 and 2007, Orco offered its shareholders the possibility to have their dividends paid in cash or in new shares.

Given the economic crisis and the newly implemented cash flow policy, no divided was proposed & approved to be paid out in 2009 (for the fiscal year 2008) and no dividend will be proposed to be paid out in 2010.

12. Stock market performance

12.1 Shares of Orco Property Group S.A.

Orco Property Group shares (ISIN LU0122624777) are listed on Paris Stock Exchange (Euronext) since 2000, on the main market of Prague Stock Exchange since 2005 and on the main markets of Warsaw Stock Exchange and Budapest Stock Exchange since 2007.

Changes in share price (COB) and volume traded in 2009 on Euronext are listed below:

	Low	High	Volume
2009			
Jan-09	6.57	8.65	2 513 113
Feb-09	3.55	8.34	2 441 377
Mar-09	2.95	4.76	3 061 749
Apr-09	4.07	7.53	4 724 909
May-09	6.55	7.75	2 258 235
Jun-09	5.76	6.88	780 692
Jul-09	5.45	7.02	740 297
Aug-09	7.52	11.67	3 885 522
Sep-09	7.58	9.57	3 405 135
Oct-09	6.75	9.2	3 732 544
Nov-09	6.83	8.23	1 842 522
Dec-09	5.97	7.43	1 287 059
Lowest/highest of the year	2.95	11.67	
Total annual transactions			30 691 154

12.2. Other financial instruments of Orco Property Group

The table below sets forth the list of financial instruments of Orco Property Group.

Name	Type	ISIN
Orco Property Group shares	Equity	LU0122624777
Bond 2007 - 2014	Fixed income	XS0291838992
Warrant 2007 - 2014	Equity	XS0290764728
Convertible bond 2006 - 2013	Fixed income	FR0010333302
Variable rate bond 2005-2011	Fixed income	CZ0000000195
Bond 2005 - 2010	Fixed income	FR0010249599
Warrant 2005-2012 *Note: Exchange offer against 2014 warrants, closed in November 2007*	Equity	LU0234878881
Exchangeable bond into Hvar shares 2012	Fixed income	XS0223586420

13. Corporate Responsibility

The Orco Foundation is making a difference in people's lives in Central Europe via three areas of activity:

- Providing social programs that offer therapeutic solutions to individuals or families faced with illness or in distress;
- Creating events that bring together local communities and Orco employees for the benefit of the environment;
- In the long-term, renovating or constructing buildings dedicated to social works, whether it be a home for the elderly or a day center for at-risk youths.

The Orco Foundation is active in the Czech Republic, Germany, Slovakia, Hungary, Poland, and Croatia with a team of 15 dedicated board members. Created in January 2008, the Orco Foundation chooses local associations for its social programs, working with transparency and diligent follow-up on the projects it supports.

The Orco Foundation also organizes and funds its own events that occur annually such as Children for Children (Deti pro Deti) which mobilizes children and families to help children with cancer. For example, on March 25th 2010 in Ostrava, Czech Republic, a benefit concert with the Janacek Philharmonic, a children's choir, and well-known lyric artists, will raise money for the children's leukemia and hematology wing of local Poruba hospital, raising funds to employ a psychologist for families whose children have been diagnosed.

In 19 years of presence in Central Europe, Orco Property Group has not only brought architecturally innovative and esthetic buildings to cities in Central Europe, the company has actively supported charities that improve the quality of life of people in the region. The board of Orco Property Group voted in 2007 to unite the company's charitable activities in six countries under one roof – hence the creation of the Orco Foundation.

For detailed information on the Orco Foundation -- its missions, guiding principles, its team and actions, please visit the following website: www.orco-foundation.com

14. Other reporting requirements

14.1. Subsequent closing event: See note 34 of the consolidated financial statements
14.2. Financial Risks Exposure: For a thorough description of the principal risks and uncertainties (see notes 3 and 4 to the consolidated financial statements).

14.3. Director's compensation: see note 31 of the consolidated financial statements
12.4. Other information: The Group does not provide any activities in research and development.

15. Appendices

Appendix 1 - Market environment

The following section provides selected information on the real estate markets in Central and Eastern Europe, focusing on selected countries where the Company is active. The summary is provided for information purposes only and neither purports to cover all relevant issues nor to be a comprehensive description of all the topics discussed below.

The Czech Republic

Economic environment in the Czech Republic
Year-on-year real GDP decrease for the Czech Republic was -4.4 % in 2009, versus 2.5 % growth in 2008. The registered unemployment rate went up to 7.98% on average in 2009, vs. 5.45% in 2008 (Czech Statistical Office)

Real estate investment
In 2009, investment turnover in the Czech Republic reached EUR 400 Million in 2009, down 64 %, according to CB Richard Ellis. On the positive side, Q4 2009 investment turnover was the highest since Q3 2008. With the largest deals in terms of value being closed at the end of 2009, investment volume for Q4 2009 amounted to EUR 280 Million due to five transactions, representing 80 % of the 6 year quarterly average. Foreign purchasers accounted for 72% of total investment volume, with German investors being the most active.

Real estate market in the Czech Republic - Office

- For the whole year, take-up for office space has been resilient and totaled 245,000 sqm (only 7 % down on 2008)
- According to association Prague Research Forum the office space vacancy rate in Prague slightly increased to almost 12 % in the fourth quarter of last year, from 10.4 % at the end of the third quarter of 2009.
- Around 120,000 sqm of office space have been delivered in 2009 in Prague, according to CBRE. At the beginning of 2008, the pipeline for the Czech capital in 2009 was calculated at 300,000 sqm, but this was later significantly reduced due to the impact of the credit crunch.
- According to Jones Lang LaSalle there should be 85,000 m2 of newly completed leasable office space in Prague in 2010. This would represent the lowest value since 2011. As a result of the low number of projects that commenced this year the biggest gap in the offer may be seen in 2011. (CIA)
- Over the year the office segment saw the largest share of investment, accounting for 90 % of the total investment volume in 2009. The sale of City Tower for EUR 130 Million was the biggest transaction on the market in 2009. (Czech AM)
- Prime office yields for Prague kept on being stable at 7.25%, slightly increasing from 7% in Q4 2008 (JLL).

Real estate market in the Czech Republic - Retail

- According to Cushman & Wakefield the retail area in the Czech Republic totaled almost 190 m2 per 1,000 residents this represents 90 % of the Europe average. Given the speed of new construction, which almost matches the current European average, the company does not expect this value to change markedly before the end of 2010.
- Total modern retail stock (>5,000 sq m centers) in the Czech Republic stands at 2.73 Million sq m, Prague accounts for 33 % of total stock (DTZ)
- After almost 18 months of upward yield movement, prime yields look to have stabilized in Q3 2009 and stay around 7% versus 6.5% in 2008 (C&W)
- Prime rents in Prague's shopping remained stable at EUR 150/ monthly per sq m as of Q4 2009 (JLL)

Real estate market in the Czech Republic – Industrial

- Only 8,100 sq m of new supply was delivered in Q4 2009, a 65% drop q-o-q and 91% drop y-o-y; the only completion in Q4 2009 was VGP Park Liberec H5 (8,100 sq m) (DTZ)
- Prime industrial rents in Prague were at EUR 2/ sqm/ monthly as of Q4 2009, while prime yield reached 8.75% (JLL)

Real estate market in the Czech Republic – Residential development

- 2009 saw a drop in demand for new residential development units, thus generating a drop of 20% in selling prices on average (own estimates)
- In 2009 Czech developers focused on completing existing projects rather than starting new ones, therefore creating a drop in the pipeline for 2010- 11
- In Czech Republic, 38K dwellings have been delivered (+0.4% YoY) , 37K new dwellings have been started (-14.3% YoY), and 24K occupancy permits delivered (-9.11% YoY) (Czech Statistical Office)
- On the contrary, Prague displayed more resilient figures with 7400 completed dwellings (+16.9% YoY), 6400 dwelling started (-8% YoY) and 4700 occupancy permits delivered (-11.5%) (Czech Statistical Office)

Poland

Economic environment in Poland

- Out of the EU countries only Poland managed to sustain positive GDP growth over the course of 2009

Real estate market in Poland – Office

- Over the year, despite the turbulence, the Polish real estate market managed to remain one of the most stable in the region, without seeing any rapid decreases in values. According to CBRE's data, in 2009 the average vacancy rate on the Polish office market stood at 7%, while other CEE countries are faced with vacancy rates as high as 15-20 %
- In 2009 the modern office stock in Warsaw increased by 266,000 sq m, which was the highest volume of annual supply recorded since 2001. It has brought the total office stock in Warsaw to nearly 3.25 Million sq m (DTZ)
- The pipeline supply scheduled for completion in 2010 amounts to approximately 190,000 sq m. It is lower than in the previous 3-4 years due to problems in obtaining financing, experienced by developers since the end of 2008 (DTZ)
- Prime office yields in Warsaw remained around 7% (7.25% vs 7% YoY) (JLL)

Real estate market in Poland – Industrial

- The modern logistics market at the end of 2009 stood at the level of over 6.3 Million sq m, which represents some 18% growth on 2008 (DTZ)
- The construction activity in the opening six month of 2009 was very strong with 770,000 sq m delivered during that time. Majority of that space was delivered on speculative bases, which due to weaken demand resulted in the increasing vacancy towards the end of the year (DTZ)
- Prime industrial rents in Warsaw were at EUR 5.8/ sqm/ monthly as of Q4 2009, while prime yield reached 8.75%, representing a 3.3% YoY decrease (JLL).

Real estate market in Poland– Residential development

- 2009 saw a drop in demand for new residential development units, thus generating a drop of 20% in selling prices on average (own estimates)
- In 2009 Polish developers focused on completing existing projects rather than starting new ones, therefore creating a drop in the pipeline for 2010-11
- In Poland, over the year 160K dwellings have been completed, (-3.1% YoY), and 143K dwellings have been started (-18.2% YoY)) (Polish Statistical Office)
- However, the number of new residences is predicted to decline by 10 to 20% in 2010. In 2011, according to the Association, the number of new dwellings will be down by additional 20% in comparison to the 2010 figures. (PAP)
- In Warsaw, 19K dwellings have been delivered (-0.4% YoY), 26K new dwelling have been started (-15% YoY) and 28K occupancy permits have been delivered (-18,% YoY) (Polish Statistical Office)

Germany

Economic environment in Germany

- In 2009 GDP shrank for the first time in six years. The fall of 5% is the worst that Germany has had to bear since the post-War period (DTZ)
- The current forecasts from Oxford Economics already foresee a return to positive growth of 1.6% in 2010 with exports (+3.9%) being primarily responsible for this (DTZ)

Real estate market in Germany - Office

- For 2009 as a whole, office space take-up of about 445,000 sq m was registered in Berlin. That means take-up has fallen for the third time in a row. The difference to 2008 was 48,000 sq m or just under 10%. (DTZ)
- Compared nationally Berlin has stood up very well. The four other important German office markets have reacted far worse to the difficult economic conditions. They faced declines in take-up of between 28% (Hamburg) and 42% (Dusseldorf). (DTZ)
- Over the year as a whole 116,100 sq m newlybuilt or substantially refurbished space became ready for occupation in Berlin. This volume is slightly higher than that for 2008 (104,000 sq m) and slightly lower than that for 2007 (130,000 sq m) (DTZ)
- Prime office rents in Berlin were at EUR 20/ month/ sqm as of Q4 2009, representing 9.1% YoY decrease. Prime office rents in Düsseldorf were at EUR 22/ month/ sqm as of Q4 2009, representing 2.2% YoY decrease. (JLL)
- Vacancy rate for office space in Berlin represented 9.4 % as of Q4 2009 (vs. 7.3% in Q4 2008), while vacancy rate reached 12.3% in Düsseldorf (vs. 10.4% in Q4 2008) (JLL)

Real estate market in Germany - Retail

- JLL estimates the prime yields at 4.7% for Berlin retail space, meaning a decrease of more than 50 bp YoY

- Prime rents in Berlin's shopping remained at EUR 220/ monthly per sq m as of Q4 2009, same as in Q4 2008 (JLL)

Real estate market in Germany – Industrial
- Prime industrial rents in Berlin were at EUR 4.5/ sqm/ monthly as of Q4 2009, while prime yields reached 7.75% (vs. 7.45% in Q4 2008) (JLL).

Hungary
Economic environment in Hungary
- In 2009 as a whole the performance of the economy dropped by 6.3% (6.2% after calendar adjustment) after an expansion of 0.6% in the previous year. (Hungarian Statistical Office)
- Unemployment rate was at 10.1% in 2009, compared to 7.9% in 2008 (Hungarian Statistical Office)

Real estate market in Hungary- Office
- In total, 230,000 sq m office accommodation was delivered to the market between January and September 2009, and according to further completions in Q4, DTZ expects 2009 to have the highest new supply in the history of the Budapest office market. (DTZ)
- Due to the large amount of new supply and the low net take-up level, the vacancy rate increased by 171 basis points to 19.73%. (DTZ)
- Prime office yields in Budapest were at 7.75% in Q4 2009 (vs. 7.25 % in Q4 2008) (JLL)
- Prime office rents in Budapest were at EUR 20.5/ month/ sqm as of Q4 2009, representing 6.8 % YoY decrease (JLL)

Real estate market in Hungary - Retail
- JLL estimates the prime yields at 7% for Budapest retail space (vs. 6.5% in Q4 2008)
- Prime rents in Prague's shopping remained were at EUR 130/ monthly per sq m as of Q4 2009, representing a 13.3% YoY decrease (JLL)

Slovakia
Economic environment in Slovakia
Year-on-year real GDP decrease for Slovakia was -4.7 % in 2009. The registered unemployment rate went up to 12.1% on average in 2009, representing a 25.9% YoY increase. (Source: Slovak Statistical Office)

Real estate market in Slovakia – Residential development
- The Slovak Residential Market saw its worst year on record across the board with all the major developers. Speculators in the years 2005-2007 were making huge leaps of faith that Bratislava would become as big a city as Vienna, Prague, and Budapest. Therefore, developers began building in major volume and have now flooded a market that cannot take up the number of units, nor the prices inflated during the development stages.
- Developers throughout the city have now been forced to reduce prices to increase sales.
- Slovakia became a non-existent lending market during 2009.
- 2010 should be a better year as banks may restart to lend and at the same because of a lower number of available completed dwellings

Russia
Real estate market in Russia- Office
- Prime office yields in Moscow were at 12% in Q4 2009 (vs. 11 % in Q4 2008) (JLL)

- Prime office rents in Moscow were at USD 58.3/ month/ sqm as of Q4 2009, representing 50 % YoY decrease (JLL)
- Vacancy rate in Moscow was at 18.9% in Q4 2009, compared to 15.1% in Q4 2008

Real estate market in Russia - Logistics

- Moscow's warehouse market was significantly affected by the economic crisis
- The total stock of quality warehouse premises in Moscow region is slightly over 3.2 Million of which 746,000 sqm delivered in 2009 (CBRE)
- In 2009, many groups initiated aggressive "rightsizing" in face of the la strategies in face of the large amounts of speculative developed space left vacant. Occupiers are now looking to utilize less space and increase it sefficiency
- Total net absoption of quality warehouse space in 2009 was 505,000 sqm, making the vacancy rate go from 3.5% to 15.6%. However, according to CBRE, vacancy shoul stabilize in mid 2010 and then fall from H2 2010 to come back to normal vacancy rates of 6 to 7% over the next four years
- Prime rents declined through 2009 of 35% to USD 100/ sqm/ month triple net

Croatia

Economic environment in Croatia

- According to the flash estimate gross domestic product decreased in real terms by 5,8% in 2009, compared to 2008 (Croatian Statistical Office)
- Unemployment rate stood at 9.2% as of Q4 2009 (Croatian Statistical Office)

Hospitality market in Croatia

- After being one of the top new destinations, with arrivals and bednights increasing between 2000 and 2005, Croatia and Dalmatia region showed a slowdown in tourism activity, with even a drop in bednights in 2006 and 2007. Split-Dalmatia region generated around 15% of the country's bed nights in 2008. After a 10.8% growth in bednights recorded in 2007, 2008 showed little increase with shorter average lengt of stay (3.5 night per stay).
- Hotel market in Hvar mostly consists of four star hotels, mainly held by Sunčani Hvar. New hotel projects on the island Hvar are still in planning phase and will not represent a threat to Sunčani Hvar in the near future, since they are mostly mixed-use projects (own research)

Appendix 2 – Commercial developments completed in 2009

This sections provides a detailed description of the ten commercial projects that were completed in 2009:

Sky Office is a 89-metre-high office tower located on Kennedydamm street in Düsseldorf, Germany. It is on the way from city-center to the airport, well connected to public transportation. The building offers a flexible leasable area of approx. 33 K sqm across 23 floors. Its occupancy as of December 2009 reached 65%, with tenants such as McKinsey, Lovells, EssArt, Dutch Consulate, etc. The project was financed through a EUR 100 Million loan maturing in 30.12.2010 plus a EUR 14 Million bridge loan which is expected to be refinanced in spring 2010..

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H2 Office is located in the inner harbour of Duisburg. H2-Office comprises the second phase of the complete H2-project (phase 1 was finished in 2004 by Viterra and was sold). Occupancy in H2 Office as of December 2009 reached 23%, with tenants such as ERR European Rail Rent, VaPiano, and Chillies. Helaba has provided a 25m

EUR senior credit line maturing in Dec 2010 and a 3m EUR bridge facility maturing in March 2010. The building is expected to be sold in spring 2010.

The Kursana Nursinghome in Gütersloh is a new nursing home with an integrated commercial unit. The construction was started in July 2008 and completed in September 2009. The building is completely let. The nursing home consists of approx 6,6 sqm net area and commercial-space of about 541 sqm rentable area. The nursing home possesses 135 rentable beds overall. The property is financed by a loan of approx. 8.450.000 EUR maturing at 31.12.2011.

The estate "Louise-Henriette von Oranien" in Oranienburg is a newly constructed building complex used in one part as a nursing home with 3 integrated commercial units and in a second part as a facility for assisted living with an ambulant care center. The construction was started in June 2008 and completed in July 2009. The nursing home, the integrated commercial units and the assisted living is operated by Michael Bethke Seniorenresidenzen GmbH. The ambulant care center is rented by the Ambulanter Krankenpflegedienst Michael Bethke. The building is fully let. The nursing home offers 123 beds overall. The senior assisted living houses offers 27 apartments. The property is financed by a loan of approx. 7.800.000 EUR maturing at 30.12.2013.

The estate Kervita Nursinghome in Rostock is a newly constructed nursing home. The construction started in June 2008 and was completed in July 2009. The nursing home is operated by KerVita Betriebs GmbH. The building is fully let. The property offers approx. 5.7K sqm rentable space on four levels with 139 nursing beds. The property is financed by a loan of approx. 6.900.000 EUR maturing at 30.12.2012.

Those 3 above nursing homes are expected to be sold in spring 2010.

Hradcanska is a refurbished office building located on Hradcanska street in Prague 6, Czech Republic. It is on the way from the city center to the airport, with very good connections to public transportation (located directly on top of a metro station). Hradcanska was acquired in 2007 as a destabilized asset and it has been refurbished by Orco as a prime asset. Construction works began in Q1 2008 and were finalized in Q1 2009. The asset offers a total leasable area of 10K sqm,. Occupancy as of December 2009 reached 36%, with average rent of EUR 14/sqm (office) and EUR 33/sqm (retail), main tenants being KB and DM Drogerie. The asset is financed with EUR 13 Million loan maturing in June 2010.

Palac Archa (Na Porici) is a refurbished block of buildings located on Na Porici street, downtown Prague, Czech Republic. The asset benefits from excellent transport links with trams and metro stops in close proximity.Orco refurbished it in two phases since 2007 until Q1 2009. The property now offers approx. 24 K sqm of prime leasable area (16.5K sqm office, 5K retail, 1.5 storage, 120 parking spaces). As of December 2009, the occupancy of Palac Archa reached 48.5%, with all the retail space being rented out. The asset is financed with EUR 36,5 Million development loan maturing in December 2010.

Vysocany Gate (Vysočanská Brána) is a a mixed use building located on the main junction of the Ceskomoravska and Sokolovska roadways in Prague, Czech Republic. The two routes provide the main exit roads eastwards from the city centre. The Metro B stations of Palmovka and Ceskomoravska are within walking distance from the site and there are several tram lines located at the front of the property. There are several new residential and commercial developments in the nearby area, as well as the Sazka Arena. The Property was constructed according to high specifications (inclusive of suspended ceilings and raised floors) between Q3 2007 and Q2 2009. Vysocany Gate offers a total leasable area of approx. 16.8 K sqm.The building is financed by the contractor. The building is expected to be sold in spring 2010.

Paris Department Store is located on Andrássy út, which is the most important and prestigious road in Budapest, Hungary. The Property comprises a six storey historical building, originally built in 1885, as a department store that has been classified as a national monument. It was the first building in Hungary purpose built to be a modern department store. In 2007, Orco undertook to refurbish the building and transform it to a modern office building with retail units on the ground & first floor and office space on the top floors. The refurbishment works were finished in May 2009 and the grand opening took place in November 2009. Paris Department Store boasts a total of 5.9K sqm leasablea area, out of which 1,7K sqm of retail space and 3.7 sqm of office space. Occupancy as of 2009 year end reached 35%, with Alexandra Bookstore being the main tenant. The asset is financed by EUR 16,6 Million loan maturing in 2011; yearly extension till 2016 if no breach.

Radischevskaya office building is located in downtown Moscow, Russia on Verkhnyaya Radischevskaya Str. The office building is situated in the Central Administrative District (CAD) of Moscow between the Boulevard Ring and the Garden Ring, in close proximity to Taganskaya metro station (5 minutes walk). Therefore the property benefits from good transport links both for pedestrians and private car owners. The accommodation within the Property is over 4 levels: lower ground floor, two upper floors and an attic. The building was constructed at the beginning of the 19th Century. In 2008, Orco started refurbishment works which were concluded in Q3 2009. Reconstruction works included facade restoration and beautification of internal courtyard. The Property is constructed on a corner site, with the main entrance to the rear, leading into a courtyard. There is surface parking in the courtyard of the building for 4 cars. The Property offers a total leasable area of approx. 1.7 K sqm, mainly office space. The building was still vacant as of December 2009. The property is financed by equity.

Peugeot is a car showroom and repair centre of 4,030 sqm in a prime Warsaw location. More precisely, it is located on Radzyminska Street which is the main road leading to the west of Poland and national road no.7. It is leased to Peugeot Polska, for a fixed term of 10 years with possibility to extend for a further 10 years. The annual rental revenue of PLN 1.8 Million (EUR 0.44 Million) with all service charges paid by the Tenant.

Appendix 3 – Residential projects completed in 2009

During 2009 the Company completed constrction works in 6 residential projects, which are listed below:

Plachta 3 is located in Hradec Kralove, Czech Republic approximately 120 km east of Prague. The Plachta scheme is a large residential development located approximately 2.5 km to the south-east of the town centre. It is also in close proximity to the residential area of Malsovice. Construction works were completed in three phases between 2004 and 2009. Phase 3 was completed in Q4 2009 and offers 89 apartment units. The scheme also incorporates 48 parking spaces and 78 cellar/storage areas. The project was financed through group's equity.

Michle (Tyršův Vrch) is located on the Magistru road, in the north of the Michle district, in Prague 4, Czech Republic. The site is approximately 3km from Prague city centre. The land use in the surrounding area is predominantly residential. The property is accessible by tram and road links which lead to the city centre. Between Q1 2008 and Q2 2009, the building has undergone redevelopment. It comprises 49 apartments and 58 car parking spaces. The total net area of the scheme (including cellar space) is 3954 sqm. The project was financed by group' equity.

Kosik 3A (Slunecni Vrsek) is situated approximately 7.5 km south east of Prague city centre, near to the Hostivar district in Prague 10, Czech Republic. The site has good access links via K Horkam and a road connecting Hostivar to Chodov. The nearest public transport is a bus services with metro stops located to the south in Chodov and Opatov. This is a large & phased residential development for a capacity of approximately 1000 units. Construction works on phase 1 started in 2005. The latest phase, with a capacity of 233 units, was developed between Q2 2008 and Q3 2009. The project was financed by EUR 9 Million loan, maturing in 2011.

Nove Dvory is located approximately 4/5 km from Prague city centre, in the predominantly residential area of Prague 4. Construction commenced in Q3 2007 and lasted until Q2 2009. The completed scheme comprises 8,700 sq m of sellable area inclusive of 100 apartments and 100 car parking spaces, as well as terrace and cellar space. The project was financed by EUR 10 Million loan, maturing in 2011 and has already been fully repaid.

Benice 1A is situated between the villages of Benice, Cestlice and Pitkovice in the south east of Prague, approximately 13 km from the city centre. The site can be accessed fairly easily from Exit 6 of Highway D1. Construction works on phase 1 commenced in 2007. Phase 1 is divided into phase 1A and 1B. Phase 1A comprises 8 completed residential houses of total area of 2,112 sq m. Phase 1B comprises residential units constructed to a shell and core specification. Phase 1B also comprises an element of commercial and apartments units. The project was financed by EUR 9 Million loan, EUR 4 Million have been repaid in 2009, the rest will be repaid from sale of remaining units within maturity in 2010.

Feliz Residence/ Drawska is located in Ochota district of Warsaw, Poland. The development comprises a multi-family residential scheme inclusive of 40 apartments (4,417 sq m sellable area) and basement car parking for 44 parking spaces. The 4 storey buildings are finished to a high specification and incorporate intelligent and energy saving solutions. The project was developed between Q2 2008 and Q3 2009. The project was financed by EUR 4 Million loan, maturing in 2010.

Mokotowska comprises a site of 722 sqm, located on Mokotowska 59 street in the Śródmieście district of Warsaw, one of the City's most prestigious and prominent locations. Orco extended the building and put it through general refurbishment, which was concluded in Q2 2009. The accommodation within the building comprises 14 apartments with 14 covered car park places and 2 retail units on the ground floor. The total net area of the building amounts to 1837 sqm. The project was financed with the bank loan, fully repaid in 2009.

Appendix 4 – Ongoing Commercial developments

Vaci 1 (former Budapest stock Exchange) is located at the corner of the busiest shopping street, Váci utca and Vörösmarty tér in downtown Budapest, Hungary. The building was constructed between 1911 and 1915 and it comprises nine floors including a lower basement, a basement, a lower and an upper ground floor, a mezzanine level, and four upper floors. Orco purchased this building in 2005 and is currently refurbishing and converting it into a luxury department store with a restaurant on the roof. The works began in the spring of 2008 and are estimated to conclude in Q2 2011. After refurbishment, 11000 sqm. of net lettable retail accommodation will be available. Vaci 1 is already 19% pre-leased a. The project is financed through EUR 46 Million loan limit maturing in 2012; yearly extension till 2017 if no breach. Its market value as of December 2009 reached EUR 40.1 Million.

Molcom warehouse extension. The project is an extension of the current warehouse, which is located in the north-east of Moscow Region, within 14 km from MKAD via Yaroslavskoeshosse, close to Pushkino town. The Property comprises a green-field land plot of approximately 4 hectares. The land was designated for the development of a warehouse/ logistics complex (which is almost completed). The completed development will extend to a gross build area of approximately 20500 sq m of light industrial/ logistics accommodation. This phase should be completed in 2010. The new space is to be occupied by existing tenants of Molcom warehouse. The project is financed through USD16 Million loan maturing in 2015. The property's market value as of December 2009 reached EUR 7.5 Million.

Appendix 5 – EPRA Valuation Data

The here below table gathers valuation information about every asset which has produced a rental income in 2009:

All values are in million euros	Number of assets	DTZ Market Value Euros	Valuation movement in the year Euros	Net Initial Yield	Reversionary Yield	Reverionary Potential
Office Czech Republic	5	158,0	- 0,6	4,69%	8,59%	83,26%
Industrial Czech Republic	4	30,0	- 8,0	9,48%	10,78%	13,72%
TOTAL CZECH REPUBLIC*	**9**	**188,0**	**- 8,7**	**5,28%**	**8,92%**	**69,07%**
Office Hungary	3	28,9	- 14,7	8,67%	10,77%	24,15%
Parkings Hungary	1	5,1	- 1,3	2,17%	0,00%	0,00%
TOTAL HUNGARY**	**5**	**34,0**	**- 16,0**	**6,54%**	**9,27%**	**N/A**
Industrial Poland	2	10,4	- 1,7	8,18%	12,86%	57,34%
Office Poland	1	5,5	- 0,1	5,59%	8,19%	46,43%
TOTAL POLAND	**2**	**15,9**	**- 1,8**	**7,29%**	**11,25%**	**54,45%**
TOTAL SLOVAKIA	**1**	**15,9**	**- 2,6**	**0,00%**	**9,35%**	**N/A**
Commercial GSG	3	74,4	2,6	6,86%	6,76%	-1,42%
Industrial GSG	1	4,5	- 0,3	29,81%	29,81%	0,00%
Mixed Commercial GSG	28	309,9	- 27,5	6,10%	6,20%	1,59%
Residential GSG	1	2,4	- 0,2	6,58%	5,37%	-18,44%
Residential/ Commercial GSG	11	52,4	- 0,4	7,49%	6,14%	-18,00%
Storage Production	1	0,8	- 0,8	4,14%	9,09%	119,57%
TOTAL GSG PORTFOLIO*	**45**	**444,4**	**- 26,6**	**6,63%**	**6,52%**	**-1,56%**
Commercial Germany	2	40,4	- 2,7	6,32%	7,22%	14,38%
Office Germany	4	160,6	69,4	2,13%	5,70%	167,86%
Mixed office Germany	2	13,3	0,5	5,56%	6,06%	9,01%
Residential Germany	2	2,4	- 0,2	4,70%	7,34%	56,19%
Retail Germany	1	5,8	- 0,8	9,69%	9,69%	0,00%
TOTAL GERMANY EXCL GSG*	**11**	**222,5**	**66,2**	**3,33%**	**6,13%**	**83,82%**
OFFICE Luxembourg	**1**	**27,9**	**- 2,5**	**5,91%**	**6,47%**	**9,43%**
TOTAL	73	932,6	10,7	5,56%	7,09%	27,65%
Molcom		53,0	- 1,0			
Other Czech Republic		-	-			
Hospitality		-	-			
Headquarter		-	-			
Oher Hungary		-	-			
Other Germany		-	-			
Other Poland		-	-			
Other Slovakia		-	-			
Vinohrady Portfolio		-	-			
Other		-	-			
GRAND TOTAL		985,6	9,6			

This spreadsheet also includes the assets that are classified in the “inventories” “” category; i.e.:

- Vysocanska Brana in the “Office Czech Republic” category;
- Rudna II in the “ Industrial Czech Republic” category;

Peugeot in the “Industrial Poland category (sold in 2009 but not yet transferred)Sky Office and Helberger in the “Office Germany” category.The reversionary potential, which is difference between the Reversionary yield and the Net initial yield expressed as a percentage stands at 27.65%, which reflect the fact that the rental portfolio has not reached its potential. By excluding the here below assets, it falls at 12.19%.

The cumulated DTZ market value as of end of 2009 of these 5 assets is EUR 175.3 Million (Vs. 94.6 in 2008).

Within the DTZ valuation scope, market value stands at EUR 932.6 Million (Vs EUR 921.9 Million in 2008) and at EUR 985.6 Million as a whole. By excluding from the scope Sky Office and Vysocanska Brana, market value falls to EUR 829.4 Million; i.e. -74.1 Million EUR compared to 2009.
The main variations are found in:

- The GSG portfolio which value decreased of EUR 26.6 Million
- The Czech Republic office assets where excluding Vysocanska Brana (EUR 21.1 Million in 2009 Vs EUR 9.6 Million in 2008), the value decreased of 12.1 Million EUR mainly due due to Bubensla (-7.4 Million EUR) and Radio Free Europe (-EUR 5.7 Million).
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- The Hungarian office assets which decreased of 14.6 Million EUR due to Budapest Bank (-EUR 10.1 Million) which major tenant left at the end of 2009.
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- The Office segment in Germany which increased of 66.2 Million EUR mainly due to Sky Office (+EUR 72.3 Million).

The Net initial yield is defined by the EPRA as the "annualized rent from a property or portfolio, at the balance sheet date, less non recoverable property operating expenses such as insurance, real estate taxes and other relevant costs"

Within DTZ valuation scope, it stands at 5.56% due to quite high vacancy rate in some assets (20.73%). Excluding Sky Office, Helberger, Peugeot, Rudna II and Vysocanska Brana, the initial yield reaches 6.42%

The Reversionary yield is defined by the EPRA as the "ERV of the property less property operating expense, expressed as a percentage of the market value of the property plus estimated purchaser's transaction costs"

Within DTZ valuation scope, it stands at 7.09%