



**Press release
22nd January 2007**

**Strong growth in Net Asset Value
Estimated Net Asset Value per share: 92 Euros
Portfolio value as at 31/12/2006: 1.31 billion Euros
Sale of MaMaison Hotels and Apartments to Endurance
Hospitality Fund
Strong growth in sales 2006 at 172 MEUR
400 MEUR of acquisitions in 2006**

- **NET ASSET VALUE**

Pursuant to the valuation of Orco Property Group's portfolio by DTZ, the estimated net asset value per share increased from 49,67 EUR on 31st December 2005 to 92 EUR on 31st December 2006, i.e. a growth by nearly 85 % over 12 months confirming Orco's ability to create value .

The NAV estimation is calculated on the basis of 8 389 646 shares and uses the Orco Germany and Suncani Hvar's share prices as at 29th December 2006.

- **PORTFOLIO**

The estimated total portfolio valuation amounts to 1 310 MEUR compared to 737 MEUR one year before. (Excluding minority interest)

The geographical breakdown of the portfolio is as follows:

Czech Republic: 46 %
Germany: 17 %
Poland : 12 %
Hungary : 12 %
Croatia : 8 %
Russia : 3 %
Slovakia : 3 %

The business line breakdown of the portfolio is as follows:

Development and land bank : 41 %
Investment properties : 38 %

Hospitality: 21 %

Orco finalized some major acquisitions in 2006, among them:

- in the Czech Republic, the 27 ha Bubny site acquired for a price of 43 MEUR and valued by DTZ at 80 MEUR. The potential upside in value for that site is extremely significant: it constitutes for Orco a unique land bank in the heart of Prague and hence secures Orco's leadership on the Prague market;
- the Bubenska office building located on the Vltava river bank acquired for a price 24,5MEUR and valued by DTZ at 35 MEUR. This still only amounts to a sqm price of 1.030 EUR and shows both the capacity of Orco to grab deals at an attractive price in a dynamic environment but also that the revaluation of the group's assets is still based on low levels when compared with other capital cities in Europe;
- in Germany, Viterro Development together with strategic assets in Berlin as Cumberland Haus, a unique development opportunity on Kudamm with a potential to become Berlin's premier new generation downtown shopping mall, acquired at a price of 39 MEUR and valued at value 44.4 MEUR, i.e. 1250 EUR/sqm for a unique property in the best location of Berlin;
- With its first development in Russia, Orco proved its capacity to create value in the 3rd largest city in Europe with Pokrovka Residence in Moscow : the development costs amounted to 28 MEUR and the DTZ valuation came in at 35 MEUR showing the strength of the Moscow real estate market.

In 2006, a number of assets like the Stock Exchange building in Budapest, the Cumberland Haus in Berlin or the Na Porici building in Prague have been acquired and will produce rental revenues in excess of 25 MEUR when reconstructed. Orco's management confirms that rental revenue will double over the next years which will be translated in additional value creation of the assets.

• HOSPITALITY – ENDURANCE HOSPITALITY FUND

As announced last year, Orco is reshaping its hospitality strategy :

1) Orco is selling its hotel portfolio and hotel management company in Central Europe, with the notable exception of the trophy asset Pachtuv Palace and excluding the Suncani Hvar participation. Orco is selling both the buildings and the operations for 171,1 MEUR, meaning that this transaction will reduce the size of the portfolio accordingly but also the amount of the debts for around 65 MEUR. This portfolio corresponds also to a total sales contribution in 2006 of 18 MEUR and a number of more than 300 employees.

The total cash return for Orco since the acquisition of these hospitality properties will amount to approximately 100 MEUR. The transaction should be finalised by end of March. It is Orco's largest selling transaction so far.

2) The buyer will be a 500 MEUR Joint-Venture set up between a new fund "ENDURANCE HOSPITALITY" that Orco will manage with 250 MEUR of equity and an institutional investor committing to 250 MEUR as well. This new JV with Endurance fund will have the capacity to invest up to 2 billions EUR of hotel assets in Central and Eastern Europe, and will be among the largest investors in the region.

Orco will remain a stake holder in the Endurance hospitality fund with a participation level of around 20%, therefore enjoying future growth of the portfolio value.

More importantly for Orco, as Promoter and Fund Manager of this hospitality fund, the stream of fees is estimated at 10 MEUR a year.

This again shows the value given to the Orco platform and confirms the capacity of the long term cash flow generation coming from the fund management.

• SALES

The unaudited sales amount for 2006 amounts to 169.3 MEUR, excluding additional investment properties disposals not accounted as sales amounting to 2.5 MEUR. All the markets have done well in 2006 with prices of residential going up by 5 to 8 % but also with strong appetite for luxury products like Zlota 44 for which 100 reservation contracts were signed in a couple of months.

Commercial Rental prices are also going up by 8 to 12% in 2006

	Dec 2005 M€	Dec 2006 M€
Residential Development	22	113
Rental	7.6	21.8
Hospitality	21.5	29.8
Asset Management (Endurance Man)	3.1	4.7
Intersegment activites	- 3.8	-
Total Sales	50.4	169,3
Investment Properties sold	0	2.5
Total	50.4	171.8

A change occurred in our accounting rules in Poland; the booking of sales based on the signatory of the hand over protocols has been suppressed. It implies for Orco 10 MEUR of sales to be postponed to Q1 2007 sales. It is important to notice that the units corresponding to these 10 MEUR have been paid already in 2006 and delivered to the clients, only the notarisation of the transfer of ownership is missing. The sale and the margin of these units will thus be recognised in 07. Compared to our initial forecast of 200 MEUR we confirm that the total of 28 MEUR difference will be booked in the first semester 2007 as all the units were sold on time in 2006.

Sales forecast for 2007

The 2007 market is well oriented: low interest rate, growth of 5% of GDP in Central Europe, recovery in Germany. The Management is confident that residential price growth and commercial rents will keep on rising.

Taking into the sale of MaMaison Hotels and Apartments end of Q1 the expected sales for 2007 amount to 223 MEUR.

- Residential development	164 MEUR
- Rentals	25 MEUR
- Hospitality	20 MEUR
- Asset Management	14 MEUR
Total	<hr/> 223 MEUR

• MESSAGE OF THE PRESIDENT

Since its Initial Public Offering in 2000, Orco has constantly shown a great ability to sense market timing. 2006 has been a fantastic year in terms of acquisitions and value creation for the company. Orco was able to close deals at attractive prices in a dynamic Central European market. Taking into account the revaluation profits that we are recognizing this year, the upside for the future is still very important. Moreover, existing buildings now fully leased as Luxembourg Plaza for example, the value of which increased from 43 MEUR to 72 MEUR, show the potential of the market and validates our acquisition strategy. Orco is about to replicate this successful value creation chain of developing iconic projects including most notably Haus Cumberland in Berlin, the Budapest Stock Exchange, the Bubenska building in Prague and the Bubny project, which will give us an extraordinary ten years of foresight into our core market of Prague.

On the hospitality side, we are proud to show that our strategy to enter this market was correct and is reflected for our Company and our shareholders by a realized cash profit of close to 100 MEUR. This was recognized partly in our revaluation profits and now has been turned into available cash flow. The investors in our Hospitality Fund and the partners of this Joint Venture have recognised the value of our teams. Even more importantly, we believe that the hospitality fund will give Orco's shareholders the opportunity to benefit from huge equity fire power in a strategic sector and a secured flow of incomes.

Looking into 2007, I think that the economic environment of Mittel Europa will remain dynamic, which will provide Orco with favourable conditions to keep a strong rhythm of growth.

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