

Berlin, April 27, 2007

ORCO takes over Berliner GSG

The ORCO Property Group, a leading investor, developer and asset manager in the Central European real estate and hospitality market, together with the Morgan Stanley Real Estate FUND V (MSREF V) is to take over the state-owned Gewerbesiedlungs-Gesellschaft mbH. With about 800,000 m² commercial and light industrial space the GSG is the biggest provider of commercial property in the German capital and is presently owned by the Investitionsbank Berlin (IBB). The transaction has a volume of about 400 million Euro and is a milestone in the development of ORCO Germany and Berlin. The shares in GSG will be acquired through a joint venture between the ORCO Property Group and MSREF V (Morgan Stanley Real Estate Funds V).

In yesterday's sitting the Berliner parliament approved the Senate's bill of 20th March 2007 for the sale of the state-owned GSG. As parent company of GSG the way is free for the Investitionsbank Berlin to accept the notarial offer from ORCO Property Group and MSREF V to buy GSG. Implementation still remains subject to antitrust legal agreement.

"The acquisition of GSG is a one time chance for the joint venture between ORCO and MSREF V to further develop its property portfolio. Moreover we are taking-over an experienced asset manager. GSG has important resources (infrastructure) to share with us. In the future, it will work as an integral part for the whole group to support our expansion strategy", says Rainer Bormann, CEO of ORCO Germany. „GSG perfectly supplements our existing business fields. At the same time, GSG will benefit from the expertise and network of the ORCO group that operates on an international level. Through this acquisition ORCO emphasizes its long-term commitment to the German capital. Additionally, it is our view that the involvement of Morgan Stanley is a further indication of the attractiveness and future sustainability of the Berlin location“.

With its 800,000 m² of commercial, light industrial and stacking ground as well as 1,200 tenants GSG is the leading provider of business premises in Berlin. The GSG employs a very specialized team with many years of experience. The success of GSG will be substantially measured on retaining existing tenants and reducing the high vacancy.

In this respect, the joint venture between ORCO and MSREF V is planning a more efficient renting management and to focus on a property-specific marketing strategy to further develop the "Höfe" continuously. In addition, successful measures (Hof-Kurier, Hof-Treffpunkt, Hof-Kolleg) adopted by GSG to qualify SME's and to support start-ups by providing targeted business consulting offers in the foundation phase will be maintained and expanded considerably.

We will further encourage the co-operation with scientific institutions and research institutes that are already or will be GSG tenants. A first step in this direction was to secure the status of Technische Universität Berlin (TU) in the TIB (Technologie- und Innovationspark Berlin) by signing a document before a notary public with which we committed ourselves to concluding a new rental agreement until 31st December 2044 based on today's rental and adjustment conditions. Thus, any risks relating to the term of the agreement could be eliminated and the joint venture between ORCO and MSREF V has emphasised that it is highly interested in the TU remaining in the TIB. In the near future, further co-operation projects and initiatives are planned.

Further comprehensive investment in the building assets and in the know-how of the company are planned to strengthen the position of GSG in the market.

Through the acquisition of GSG together with MSREF V the German asset base of ORCO will be built-up significantly; in addition, project development enters A 1 locations in Berlin with an investment volume of at least 500 million Euro in the next three years. This amounts to about 50% of the current project development investment volume. As a result, ORCO Germany counts as one of the biggest property developers in Germany.

Highlights here are the FEHRBELLINER in the heart of the city, a juxtaposition of historical building substance, town houses for families and penthouses; Haus Cumberland on the Kurfürstendamm which with an innovative urban development concept will be the new destination for the western part of Berlin and the site of the former WERTHEIM-AREAL on the Leipziger Platz in the new middle of Berlin with a projected area of approx. 100,000 m², the development of which will close the most important gap between the east and west centers of Berlin.

Through the acquisition of GSG ORCO manages an approximate total of 1 million square meter asset and project area in Berlin and thus belongs among the leading players on the Berliner property market.

ORCO Germany

ORCO Germany is a property company that is listed on the Open Market on the Frankfurt Stock Exchange. The company has been operating in Germany since 2004 and concentrates on residential and commercial property as well as on asset management and project development. The company has strengthened its project development operations in 2006 by the strategic acquisition of Viterro Development. Orco currently has about 94 employees in Germany.

Morgan Stanley Real Estate

Morgan Stanley Real Estate umfasst weltweit drei bedeutende Geschäftsbereiche: Investing, Banking und Lending. Seit 1991 hat Morgan Stanley weltweit Immobilien im Wert von USD 113,5 Milliarden erworben und verwaltet derzeit Immobilien von ca. USD 72,8 Milliarden im Auftrag seiner Kunden. Darüber hinaus bietet Morgan Stanley Real Estate seinen Kunden eine umfassende Palette marktführender Investmentbanking-Dienstleistungen an, einschließlich der Strategieberatung, Mergers und Akquisitionen sowie Restrukturierungen und der Übernahme von Eigen- und Fremdkapitalfinanzierungen. Außerdem ist Morgan Stanley im Bereich Immobilienvermietung ein global führendes Unternehmen und hat im Jahr 2006 eigenfinanzierte gewerbliche Hypothekendarlehen von über USD 35,5 Milliarden generiert. Für weiterführende Information über Morgan Stanley Real Estate, gehen Sie bitte auf www.morganstanley.com/realestate

Morgan Stanley (NYSE: MS)

Morgan Stanley (NYSE: MS) ist ein weltweit tätiges Finanzdienstleistungsunternehmen und einer der Marktführer in den Bereichen Securities, Investment Management und Credit Services. Mit mehr als 600 Büros in 30 Ländern verbindet Morgan Stanley Personen, Ideen und Kapital, um den Kunden zu helfen, ihre finanziellen Ziele zu erreichen.

GSG - Gewerbesiedlungs-Gesellschaft mbH (GSG) - Lit.: Commercial Settlement Company

The Gewerbesiedlungs-Gesellschaft mbH (GSG) was founded in 1965 by the Berlin Senate, the Berlin Chamber of Commerce and the Trades Corporation. With about 800,000 m² office and multi-function space the GSG is the leading commercial space provider in Berlin. 44 commercial yards and centers as well as 235 residential units with a rentable residential and commercial floor space of approx. 800,000 m² belong to GSG. The properties are mainly in the inner-city area within easy reach of the Berlin public transport system. Besides an excellent optical impression the properties have been certified as being in good technical condition.

Orco Property Group is a leading investor, developer and asset manager in the Central European real estate and hospitality market, currently managing assets of 1.31 billion EUR, as valued at 31/12/2006. Operating in Central Europe since 1991, Orco Property Group is a public company, based in Luxembourg, and listed on both the Euronext and Prague Stock Exchange. Orco Property Group's portfolio includes, IPB Real, MaMaison Hotels & Apartments, Viterra Development, Orco Real Estate, and other retail properties. Orco Property Group operates in a number of countries including, mainly, the Czech Republic, Hungary, Poland, Russia, Croatia, Germany and Slovakia. Orco Property Group is continually analyzing investment into new territories.

Orco Property Group is also sponsor and manager of the Endurance Real Estate Fund for Central Europe, a Luxembourg-regulated, closed-end and umbrella fund with four sub-funds focused on real estate acquisitions on office and retail, office class A, residential and hospitality markets. The total subscribed capital of the first sub-fund Office & Retail represents EUR 150 million and it currently manages assets of approx. EUR 190 million. Estimated total value of the Fund's portfolio after investment of full subscribed capital is ca. EUR 500 million. The Endurance Fund is dedicated to institutional investors and focuses on acquisitions in Central European real estate markets. The second Residential sub-fund started its activities in October 2006. Its current subscribed capital amounts to EUR 58 million, the target being EUR 150 million. The A class office and Hospitality sub-funds are currently starting the subscriptions. For further information, please visit www.orcogroup.com

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