



Press Release

March 25, 2009

Orco Property Group SA accelerates its strategic and financial restructuring plan with the benefit from Safeguard Court Protection ("Procédure de Sauvegarde")

In the prevailing tough real estate market and credit conditions, Orco Property Group's board of directors, having reviewed all options, has decided to accelerate the strategic, operational and financial restructuring plan proposed by the management led by Jean-François Ott. The board of directors has mandated the management to open discussions with the Group's creditors and potential investors in order to improve its balance sheet.

Orco Property Group's board of directors has, in parallel, decided to apply for the company to benefit from a Court Protection from creditors ("*Procédure de Sauvegarde*"). A Court Hearing was held on March 25, 2009 with the Paris Commercial Court (*Tribunal de Commerce de Paris*). The same day, the Court rendered a judgement opening the "Procédure de Sauvegarde" for Orco Property Group SA, the Group's parent company, and Vinohrady SARL, a French subsidiary, for a renewable six months period.

The Group is currently faced by a combination of the following:

- A slowdown in its divestment plan for certain property assets, due to the current market situation
- Difficulties in obtaining the repayment of shareholder loans granted to some subsidiaries
- Payments to banks to extend certain credits which mature during 2009

Jean-François Ott, Orco Property Group's chairman and CEO, said: "*Backed by a Procédure de Sauvegarde, the management of OPG will have the time needed to restore the Group's financial health and to advance the discussions we have already started with our financial partners. We are building a solid base for preserving and creating value on our portfolio and developments, which will benefit our employees, customers, suppliers and business partners. We are convinced that within the framework of this procedure, the full range of measures we are taking and the expected positive impact of our many projects underway, the Group will be well placed to emerge from the economic crisis*".

Accelerating the strategic and operational plan thanks to a “procédure de sauvegarde”

A *Procédure de Sauvegarde* is a French legal provision that enables a company to pursue operations while protecting its business from creditors' claims for a limited period of time to allow it to complete its restructuring plan. This process is reserved for companies who can demonstrate they are solvent (no “cessation de paiement”). It does not affect the management's authority. Thanks to European legislation n°1346/2000 of May 2000, this procedure is open under certain circumstances to companies with their registered seat outside of France.

With this protection, the Group benefits from the conditions and the time necessary for the implementation of its strategic transformation and financial restructuring plan, which has been underway for several months.

- In strategic terms, the Group will be able to refocus its Central European business on projects that will generate income in 2009 or in 2010
 - Focus on strategic businesses (commercial rental properties and residential development) and exit from non strategic ones (logistics, hospitality etc.)
 - Focus on our key cities of Prague, Berlin, Warsaw, Budapest, Bratislava. Exit from non strategic cities and countries.
 - Orco Germany remains a strategic controlling interest for the Group. Orco Germany's restructuring based on its GSG Berlin properties and its asset sale program largely comprising development projects, is being stepped up. Orco Germany is to continue to fund its own operations.

- In operational terms, OPG plans to bolster and step up measures designed to improve its financial situation, specifically
 - By amplifying its cost reduction program (operational expenditures and overheads costs)
 - By refocusing its capital expenditure to key developments producing revenues over the next 24 months
 - By completing the construction of pre-sold projects (724 apartments), so as to generate cash flow and profit from these transactions
 - By gradually divesting its identified assets so as to avoid selling assets at distressed prices

The *Procédure de Sauvegarde* will enable the Group to continue operating under usual conditions with respect to its employees, suppliers, customers and other business partners.

Accelerating the financial restructuring

In financial terms, this procedure gives the Group the opportunity and the time to work with its business partners on restructuring its debt. Meetings will be held in very short term with creditors and key suppliers.

The Board of directors has mandated the management team led by Jean-François Ott to open discussions with the Group's creditors and potential investors in order to improve its balance sheet.

Benefiting from being a leading property and hotel companies in Central Europe

In less than twenty years since it was founded in 1991 in Paris, Orco Property Group has turned into one of the leading property and hotel companies in Central Europe with strong positions in residential property in many countries including Czech Republic, Slovakia, Poland, Hungary, Germany, Russia and Croatia. The Group holds a portfolio of office, hotel and logistics properties, which are let or under development. Orco Property Group holds major real estate reserves to assure the group's ongoing business over the coming years. The Group has been listed on *Euronext* in Paris since 2000 and is also listed on the Prague, Warsaw and Budapest stock exchanges. The value of ORCO group's total real estate assets, including its subsidiaries, is estimated by DTZ, a real estate consulting firm, at €2.2 billion. The group, including its property, hotel and logistics management subsidiaries, has over 2,500 employees from fifteen countries.

Withstanding the recession in a tough real estate market

As published on February 2, 2009, OPG generated 2008 revenues of €299m, similar to 2007 revenues, while selling assets amounting to €186 million.

The Group also managed to refinance €100 million of the total €188 million of debt that falls due in 2009.

In 2009, the business is expected to hold up well despite the current market outlook. Revenues of at least €277 million are forecast including:

- Rental income from already let properties amounting to €110 million;
- Sales of housing units signed as of January 31, 2009, amounting to €118 million;
- Hotel income amounting to €41 million
- Asset management income amounting to €8 million.

The group plans to communicate on full year results by March 31st.

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Orco Property Group is a leading investor, developer and asset manager in the Central European real estate and hospitality market, currently managing assets of approximately EUR 2, 5 billion. Operating in Central Europe since 1991, Orco Property Group is a public company, based in Luxembourg, and listed on the NYSE Euronext, Prague, Warsaw and Budapest Stock Exchanges. 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 also sponsor of The Endurance Real Estate Fund, a Luxembourg–regulated closed–end mutual fund (fonds commun de placement - fonds d'investissement spécialisé) organised as an umbrella fund with sub-funds focused on real estate acquisitions on office, retail and residential markets in central Europe.