1 → COMPANY ACTIVITY

2006 ends with a consolidated profit of 96 699 KEUR compared to 54 523 KEUR as at 31.12.05. up 77 % During the same period the share price went up 65 % from 62.2 EUR to 102.50 EUR showing the recognition by the financial markets of the performance of Orco during this year.

Sales went up 243 % to end up at 172 908 KEUR mainly thanks to the development activities.

Revaluation profits recognized in our accounts amount to 145 901 KEUR compared to 78 975 KEUR in 2005. The main contributors are new acquired assets during the year as Bubny (34.5 MEUR), Viterra (23.2 MEUR first consolidation profit), Berlin portfolio (9.4 MEUR), Pokrovka (8.6 MEUR) but also revaluation of assets already in the portfolio as Luxembourg Plaza (7.9 MEUR) and Budapest Stock Exchange (8 MEUR).

In 2006 Orco continued on the same trend of acquisitions as in 2005:
The most important acquisitions are listed below:

Acquisitions (in e Million)	**2006**
Viterra portfolio	110
Berlin residential and office properties	83
Bubny land bank in Prague	43
Bubenska office building in Prague	27
Refurbishment of Hvar hotels	23
Pivovar Stein in Slovakia	22
Sky Office in Dusseldorf	22
Pokrowka Residence in Moscow	21
Hellberger land bank plot in Germany	17
Paris Department store in Budapest	12
Finalization Luxembourg Plaza Building	9
Jozefoslaw land bank in Warsaw	9
CIB Bank office building in Budapest	6
Park hotel Vienna in Poland	5
Other properties	16
Total investments	**425**

These acquisitions have mainly been financed by capital increase with the issuance of 1 597 068 new shares vs 2 169 754 in 2005. The newly issued shares were generated by the exercise of stock warrants (615 940 shares) in the framework of the PACEO1 and 2 signed with Société Générale, by the proceeds of stock subscription rights (BSA) (388 281 shares) and stock options exercises (99 500 shares), by the reinvestment of dividends (41 411 shares) and by the conversion of bonds (451 936 shares). Orco Property Group has also issued debt through a convertible bond 2006-2013 of 150 MEUR with a 1% coupon and a straight bond of 1 400 MCZK 2006-2011 coupon 6M Pribor +220bp.

As at December 2006, the long term bank loans amount to 311 212 KEUR and the short term bank loans amount to 89 692 KEUR.

The net asset value increased by 100 % to end up at 99.4 vs 49.67 as at 31.12.05. and was determined as follows:

In KEUR	NAV Calculation
Shareholders' equity	454 232
Fair value adjustments	90 999
Deferred taxes	59 868
Fair value Orco Germany	168 004
Fair value Suncani Hvar	34 750
Orco Germany warrants	3 707
Suncani Hvar warrants	22 216
Total	**833 776**
Number of shares	8 389 646
NAV per share in EUR	99.4

Definitions :

Shareholders' equity: total consolidated equity after deduction of the minority interests as shown in the consolidated balance sheet.

Fair value adjustments: difference between the net book value and the fair market value of the properties and developments that are carried at amortized cost after impairments in the consolidated accounts. Only the investment property (see note 7 of the 2006 consolidated financial statements) are carried at fair value in the consolidated balance sheet.

Deferred taxes: Group share in the deferred taxes recognized in the accounts on the investment property or on properties that used to be recognized as such before reclassification (for instance to inventories in the case of land bank).

Fair value Orco Germany: difference between the

market value of the shares held by the Group in Orco Germany S.A. (27.8 million shares at EUR 10.10 as at the end of December 2006) and the value of Orco Germany and its subsidiaries in the consolidated accounts.
Fair value Suncani Hvar: difference between the market value of the shares held by the Group in Suncani Hvar D.D. Hvar (2.5 million shares at HRK 220 as at the end of December 2006) and the value of Suncani Hvar D.D. Hvar in the consolidated accounts.

Orco Germany warrants: the market value of the 1 820 000 warrants held by the Group in Orco Germany S.A. (see note 21 of the 2006 consolidated financial statements).
Suncani Hvar warrants: the market value of the 1 000 000 warrants held by the Group in Suncani Hvar D.D. Hvar and for which no value has been recognized in the Group consolidated financial statements (see note 6 of the 2006 consolidated financial statements).

KEY FIGURES

1.1 Consolidated accounts

The consolidated financial year closes with a net profit attributable to shareholders of 96 699 KEUR compared to a consolidated result of 54 523 KEUR in 2005. The balance sheet total is fixed at 1 480 354 KEUR compared to 690 575 KEUR in 2005 and the shareholders equity amounts to 454 232 KEUR compared to 243 197 KEUR in 2005.

Turnover
The consolidated turnover on 31.12.06 closes at 172 908 KEUR compared to a consolidated turnover on 31.12.05 at 50 348 KEUR.
The contribution of each business line is as follows:

M EUR	2006	2005
Renting	19.9	7.6
Development	124.3	21.9
Hospitality	30.7	21.5
Asset Management	8.7	3.1
Inter-segment activities	-10.7	-3.8
Total	**172.9**	**50.3**

The renting activity

This segment includes the offices, the retail and residential and corresponds to 210 616 sqm. Generally speaking the markets have improved with an increase of the rents. The average occupancy rates for the portfolio amounts to 88.91 % for the residential assets, 80.59 % for the office assets and 90.63% for the retail assets. Recurring EBITA amounts to 4 890 KEUR compared to -956 KEUR in 2005.

Development

Czech Republic (311 units), Germany (73 units) and Poland (146 units) contributed to the development sales with 530 deliveries and ownership transfers totaling an amount of 124.3 MEUR compared to 21.9 MEUR in 2005 and a recurring EBITA for 2006 of -3 878 KEUR compared to -2 303 KEUR.

Hospitality

This segment includes MaMaison Hotels and Apartments and Suncani Hvar.

2006 showed a significant improvement in the results with an increased occupancy rate from 55% to 60% and an increased ADR from 91 EUR to 96 EUR for the MaMaison Hotels and Apartments portfolio generating revenues of 21.1 MEUR. Suncani Hvar showed an increase in ADR from 30 EUR to 51 EUR with a stable 32.5% occupancy despite the fact that all hotels were not open for the whole season. Sales contribution amounts to 9.6 MEUR.

Recurring EBITA for the hospitality amounts to -272 KEUR.

Asset Management

This segment includes all services rendered to third parties, mainly the Endurance Fund management fees amounting to 4.5 MEUR. The remaining 4.2 MEUR correspond to project management services rendered to our JV partners.

Operating result

2006 closes with a positive operating result of 134 248 KEUR compared to 76 888 KEUR in 2005. This result includes surplus on revaluation on assets classified as investment properties for an amount of 145 901 KEUR vs 78 975 KEUR in 2005.

A recurring EBITA based on the operating result retreated with the non cash contributions ends up at 5 562 KEUR compared to 1 399 KEUR in 2005. Corrections include the following items:

	KEUR
Operating result	134 248
Revaluations	-145 901
Depreciation	4 076
Stock options	7 571
Correction of goods sold	5 568
Total	**5 562**

Financial result

The net financial result 2006 amounts to -11 324 KEUR compared to -4 551 KEUR in 2005. The expense of -15.7 MEUR corresponds to the group global financing charge. The cash interest rate of the global debt amounts to 4.34 %. The effective interest rates for the bonds in EUR is 5.61% and 5.27 % for the bond in CZK. Banks borrowings show an effective interest rate of 5.04 % for the EUR, 4.45% for the CZK, 5.83 % for the SKK, 5.49 % for the PLN and 4.75 % for the HRK.

The income of 4.4 MEUR is made of exchange gains and trading gains.

Tax

The global tax expense of the year amounts to 25 069 KEUR. This expense is composed on the one hand of the corporate tax due on taxable results and amounts to 2.9 MEUR vs 1 MEUR in 2005 and on the other hand of a deferred tax charge of 22.2 MEUR vs 15 025 KEUR in 2005. These deferred taxes are mainly related to the tax on surplus on revaluation of real estate in application of the IAS 12 standard which interpretation is still uncertain to date. Despite this uncertainty, we have opted to calculate the deferred taxes on the basis of a strict interpretation of IAS 12, as recommended by the auditors. This interpretation does not take into account the group structuring in place, which should enable Orco to be exempted from this tax expense in case of disposal of the assets via share deals, as it is the group intention, and not via asset deals.

Debt

Orco's net financial debt amounts to 532 535 KEUR (bank indebtedness increased by instruments issued by Orco Property Group and decreased by available cash as at 31.12.2006) as compared to 254 035 KEUR in 2005. Cash and cash equivalents amount to 98 339 KEUR vs 49 089 KEUR in 2005.

The loan to value ratio remains at a very conservative level of 40.3 % vs 42.34% in 2005.

Portfolio

The portfolio valuation on 31st December 2006 amounts to 1 321 764 KEUR which includes the portfolio valued by DTZ on 31.12.2006 and assets valued by DTZ in June 2006 but not revalued in December. Only properties classified as investment property are accounted for at their fair value in the consolidated accounts; the hotels, properties under development and developments to be sold in the ordinary course of business are accounted for at amortized cost less impairments.

1.2 Annual accounts

Net Profit

2006 result closes with a profit of 45 311 KEUR vs 9 154 KEUR in 2005.

Turnover amounts to 5 557 KEUR vs 3 014 KEUR in 2005. Main contributor is the management fees from the Endurance Fund.

Financial result

Income from participating interest amounts to 44 001 KEUR vs 10 092 KEUR in 2005. This profit was generated by the sale of Suncani Hvar shares to Orco Croatia (22 022 KEUR profit), sale of Orco Germany shares (15 498 KEUR profit) and sale of Orco Property as (Luxembourg Plaza office part) (6 480 KEUR profit).

Income from other transferable securities amounts to 3 248 KEUR vs 2 403 KEUR in 2005 resulting from sales of own shares and other securities.

Net interest result amounts to 1 465 KEUR vs 3 892 KEUR in 2005.

2 → Subsequent events and outlook

See note 27 of the 2006 consolidated financial statements.

3 → Shareholding

Amount of share capital

Share capital as at December 31st, 2006 amounted to 34 397 548.60 EUR represented by 8 389 646 shares without nominal value designation, all of the same class and entirely paid. Par value per share amounts to 4.10 EUR.

Orco shares are either registered or bearer, as the shareholder wishes, unless prohibited by law. Capital rose by 6 548 KEUR during fiscal year 2006. Total share premiums paid in 2006 as part of the capital increases came to 78 588 KEUR.

Capital ownership and voting rights as at 31st December 2006

To the best of the company's knowledge, the breakdown of capital ownership of the ORCO PROPERTY GROUP as at December 31st, 2006, is as follows:

Shareholders	Number of shares	% of capital	% of voting rights
Orco Holding	1 058 234	12.61 %	12.61 %
Bernard Gauthier	469 230	5.59 %	5.59 %
Jardenne Corporation S.à.r.l.	351 064	4.18 %	4.18 %
Public	6 511 118	77.62 %	77.62 %
Total	**8 389 646**	**100.0%**	**100.0%**

As at December 31st, 2006, to the best of the Company's knowledge, no shareholder possessed over 10% of the capital, other than ORCO HOLDING. No voting trust exists as at December 31st, 2006 except the agreement signed between Orco Holding and Jardenne s.à.r.l. to vote in favour of the appointment of one director representing Jardenne if requested by Jardenne.

Change in shareholder ownership during past three years

Shareholders	% of capital	% of capital	% of capital
Years	31.12.2004	31.12.2005	31.12.2006
Orco Holding	21.68%	17.19%	12.61%
Bernard Gauthier	10.15%	6.91%	5.59%
Jardenne	0.00%	2.84%	4.18%
Employees	0.26%	0.30%	0.00%
Treasury stock	0.00%	0.00%	0.00%
Free-float	67.91%	72.76%	77.62%
Total	**100%**	**100%**	**100%**

Stock subscription rights

Out of the 3 039 573 stock subscription rights distributed free to shareholders in 2003,
1 164 843 were exercised in 2006 leading to the creation of 388 281 shares.

As a reminder, three stock warrants can be exercised for one new share at the unit price of 23 EUR. The exercise period extends from November 17th 2003 to November 16th 2006 inclusive. A maximum of 1 013 191 shares may be created. The stock subscription right expired in November 2006. During the year, the Group has granted 350 000 new stock options to employees. The number of stock options outstanding at year end amounts to 367 500. Exercising all options not exercised by December 31, 2006 would lead to the creation of 367 500 shares, i.e. 0.41% of share capital as at December 31st 2006 post exercise.
Non exercised options give the right to the beneficiaries to subscribe to 17 500 shares at 35 EUR and 350 000 shares at 75.60 EUR.

The Orco Property Group operates under Luxembourg corporate law, which has no provision relating to stock options.

Authorized capital not issued

The Extraordinary Shareholders' Meeting of 14 June 2006 renewed the authorization granted by shareholders to the Board of Directors on May 18, 2000, in accordance with article 32-3 (5) of Luxembourg corporate law and in addition enhanced the limit of the authorized capital. The Board of Directors was granted full powers to proceed with the capital increases within the revised authorized capital of EUR 100 000 000, 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 authorized capital.

The Board of Directors has been authorized 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 capitalization 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 authorization is valid for a five-year period ending on 14 June 2011.

A total of EUR 34 397 548.60 has been used to date under this authorization. As such, the Board of Directors still has a potential of EUR 65 602 451.40

at its disposal. Considering that all new shares are issued at the par value price of EUR 4.10, a potential total of 16 000 598 new shares may still be created.

Transactions on treasury shares in 2006

The table hereafter summarizes the transactions realized by the Group in 2006 on its own shares. All the shares bought during the year have been sold back. The only purpose of these transactions is to make short term investments when the Group is in short term excess of cash.

	Acquisitions	Sales
Number of shares	198 668	198 668
Fair value of transaction	15 950	17 718
Average prices	80,28	89,18
Net result		**1 768**

4 → Stock market performance

4.1 Shares

Change in share price and volumes traded:

	Low	High	Volume
2005	**34.85**	**63**	**5 331 728**
Jan-06	62.2	79.8	1 084 148
Feb-06	73.05	84.25	634 203
Mar-06	80.1	91.1	504 047
Apr-06	86	106.5	491 332
May-06	81.1	105.6	860 464
June-06	70.95	88.75	905 435
July-06	79	89	473 209
Aug-06	83	93.7	239 162
Sept-06	90.25	100	449 955
Oct-06	93.1	104.1	514 468
Nov-06	90.5	101	722 057
Dec-06	**92.95**	**102.5**	**540 646**
Lowest/highest of the year	62.2	106.5	
Total annual transaction			7 419 126

4.2 Bonds with redeemable share subscription warrants

Change in bond price and volumes traded:

	Low	High	Volume
2005	**10.00**	**16,5**	**382 043**
Jan-06	15.49	26.5	329 305
Feb-06	24.00	32.50	172 656
Mar-06	31.10	40.60	74 742
Apr-06	34.10	49.90	106 716
May-06	33.50	48.99	34 772
June-06	25.00	38.50	38 584
July-06	30.50	38.00	23 788
Aug-06	33.50	41.80	16 546
Sept-06	37.00	46.90	73 370
Oct-06	41.10	48.50	87 653
Nov-06	38.11	46.40	53 562
Dec-06	**39.21**	**48.00**	**44 630**
Lowest/highest of the year	15.49	49.90	
Total annual transaction			1 056 324

4.3 Convertible bonds 2004-2011

Change in bond price and volumes traded:

	Low	High	Volume
2005	**38.00**	**63.01**	**943 597**
Jan-06	62.01	79.00	80 263
Feb-06	76.05	83.50	7 322
Mar-06	81.00	90.00	14 473
Apr-06	86.45	102.99	4 297
May-06	84.00	104.99	8 399
June-06	70.00	88.99	1 154
July-06	78.00	88.00	13 627
Aug-06	83.00	92.00	13 973
Sept-06	92.00	100.00	2 903
Oct-06	96.50	105.00	8 913
Nov-06	90.00	102.00	7 669
Dec-06	**92.00**	**102.00**	**2 685**
Lowest/highest of the year	62.01	105.00	
Total annual transaction			165 678

4.4 Convertible bonds 2006-2012

Change in bond price and volumes traded:

	Low	High	Volume
2005	**38**	**63.01**	**943 597**
Jan-06			
Feb-06			
Mar-06			
Apr-06			
May-06			
June-06	131.00	138.10	19 116
July-06	135.00	138.00	1 542
Aug-06	135.00	138.00	8 611
Sept-06	136.00	148.00	11 785
Oct-06	145.00	164.90	15 633
Nov-06	130.00	146.00	3 413
Dec-06	**143.25**	**145.75**	**6 100**
Lowest/highest of the year	130.00	164.90	
Total annual transaction			62 200

5 → Distribution of dividends

The company set up a dividend distribution policy based, on the one hand, upon the long-term revenues obtained via its real-estate business, mainly rental income and on the other, upon short-term revenues obtained through its property development activity.

Shareholders at the General Meeting of 2006 approved the payment of a gross dividend of 0.80 EUR per each share held, payable in cash or in new shares, the price of the shares being set at 82.08 EUR.

A total dividend payment of 5 993 384.80 EUR was distributed. Shareholders holding a total of 4 938 811 shares opted for the free allotment of 41 411 new shares. Shareholders holding a total of 2 552 920 shares opted for payment in cash.

The appropriate tax treatment depends on the nature of the shareholder (individual or legal entity) and on his country of fiscal residency.

In general, tax law relating to any dividend distribution by a Luxembourg corporation to shareholders, who do not benefit from the application of dual-taxation conventions (including collective investment funds, investment funds with variable capital, insurance contracts, etc.) requires the application of a withholding tax of 20%.

In accordance with article 147 LIR, no tax will be withheld at the source if the beneficiary is a fully taxable Luxembourg company or an EU-resident company concerned by article 2 of the EEC Council directive of July 23rd, 1990 relating to the general fiscal regulations applicable to parent and subsidiary companies from different EU countries and if, on the date income is paid, the beneficiary holds or commits to holding directly for an uninterrupted 12-month period, a minimum of a 10% stake or at least EUR 1 200 000 in the share capital of the company paying these revenues. Generally speaking, the tax withheld will be used to pay for a tax in the beneficiary's fiscal home country, if applicable, based on the gross dividend. Formalities vary from country to country.

French residents should ask their financial intermediary to provide them with the appropriate form.

The Board of Directors proposed the payment of a dividend of 1 EUR for fiscal year 2006, payable in cash or shares. This proposal must be approved by shareholders at the General Annual Shareholders' Meeting called to approve the 2006 accounts.

6 → Compensation of directors

See note 26 of the 2006 consolidated financial statements.

7 → 2006 regulated agreements

There is no regulated agreement in 2006.

8 → Directive 2004/25/EC of the European Parliament and of the Council of April 21st, 2004 on takeover bids – Luxembourg law of May 19th, 2006

In reference to the new Luxembourg law of May 19th, 2006 the board especially states on the following points:

(a) the structure of their 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 and the Prague Stock Exchange.

(b) 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

(c) 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 : refer to paragraph 3 above on shareholding.

(d) the holders of any securities with special control rights and a description of those rights; not applicable

(e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees; not applicable, the Group has no employee share scheme

(f) 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

(g) 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; no agreements

(h) the rules governing the appointment and replacement of board members and the amendment of the articles of association; see articles of incorporation, board members are appointed by the shareholders, articles of associations can be modified by the shareholders through an extraordinary general meeting respecting the quorum foreseen by the luxembourg corporate law

(i) the powers of board members, and in particular the power to issue or buy back shares; see "authorized capital" in point 3 hereabove

(j) 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; not applicable

(k) 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. A compensation scheme for part of the executive committee members exists in a total amount of 34 MEUR is in place in case members cease their contract in a period of 6 months after a change of control of the company.