

AUDITOR'S REPORT

Report of the independent auditors

To the Shareholders of

Orco Property Group S.A.**Report on the annual accounts**

We have audited the accompanying annual accounts of Orco Property Group S.A., which comprise the balance sheet as at December 31, 2007 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these annual accounts give a true and fair view of the financial position of Orco Property Group S.A. as of December 31, 2007, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is in accordance with the annual accounts.

Luxembourg, April 10, 2008

HRT Révision S.à r.l.
Réviseur d'entreprises
Represented by



Dominique Ransquin

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
Represented by



Anne-Sophie Preud'homme



→ BALANCE SHEET DECEMBER 31, 2007 (IN EUR)

ASSETS	2007	2006
FIXED ASSETS		
Intangible assets		
- Concessions, patents, licences, trade marks (note 3)	38.816,67	53.216,67
Tangible assets		
- Other fixtures and fittings, tools and equipment (note 3)	1.606.465,32	806.981,13
Financial assets (note 4)		
- Shares in affiliated undertakings	394.983.116,29	243.797.253,99
- Loans to affiliated undertakings	377.172.459,75	304.788.163,43
- Securities held as fixed assets	66.012.401,67	13.523.608,00
- Other loans	2.086.109,50	-
	840.254.087,21	562.109.025,42
	841.899.369,20	562.969.223,22
CURRENT ASSETS		
Debtors (due within one year)		
- Amounts owed by affiliated undertakings	5.282.522,80	5.071.247,47
- Other debtors (note 5)	34.582.271,49	9.008.877,78
	39.864.794,29	14.080.125,25
Transferable securities (note 6)		
- Shares in affiliated undertakings	3.503.280,00	210.103,08
- Own shares	12.180.745,06	-
- Other transferable securities	10.863.033,41	20.398.166,36
	26.547.058,47	20.608.269,44
Cash at banks	97.278.082,61	22.275.191,14
	163.689.935,37	56.963.585,83
PREPAYMENTS AND ACCRUED INCOME (note 7)	15.461.717,01	6.738.379,70
	1.021.051.021,58	626.671.188,75

The accompanying notes form an integral part of these annual accounts.



→ BALANCE SHEET DECEMBER 31, 2007 (IN EUR)

LIABILITIES	2007	2006
CAPITAL AND RESERVES (note 8)		
Share capital	44.430.855,40	34.397.548,60
Share premium	395.761.782,50	197.551.844,86
Legal reserve	3.213.567,47	948.016,02
Other reserves	12.180.745,06	-
Profit brought forward	26.172.377,10	5.427.394,29
Profit for the financial year	17.865.934,58	45.311.029,02
	499.625.262,11	283.635.832,79
PROVISION FOR LIABILITIES AND CHARGES		
Provision for taxes (note 9)	485.940,90	299.485,00
Other provisions (note 10)	3.980.723,20	-
	4.466.664,10	299.485,00
CREDITORS		
Due and payable within one year		
- Non-convertible bonds (note 11)	-	4.209.726,06
- Amounts owed to affiliated undertakings	48.448.184,25	49.273.221,64
- Other creditors	13.622.125,92	5.500.794,21
	62.070.310,17	58.983.741,91
Due and payable after more than one year		
- Convertible bonds (note 11)	174.169.121,39	182.561.174,96
- Non-convertible bonds (note 11)	280.719.663,81	101.190.954,09
	454.888.785,20	283.752.129,05
	1.021.051.021,58	626.671.188,75

The accompanying notes form an integral part of these annual accounts.



→ **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
 DECEMBER 31, 2007 (IN EUR)**

CHARGES	2007	2006
Other external charges (note 13)	15.999.479,28	8.746.743,61
Staff costs (note 14)		
- Wages and salaries	4.626.634,35	461.460,98
- Social security costs	34.627,74	61.743,15
Value adjustments in respect of tangible and intangible fixed assets (note 12)	315.797,94	109.493,18
Value adjustments in respect of current assets (note 12)	1.711.486,39	-
Value adjustments in respect of financial fixed assets and of transferable securities held as current assets (note 12)	5.546.478,65	-
Interest payable and similar charges		
- Affiliated undertakings	3.104.804,86	1.864.147,87
- Other interest payable and charges (note 15)	24.052.085,96	11.468.393,85
Realised loss on transferable securities (note 21)	853.063,57	-
Other taxes (note 9)	2.294.432,00	1.379.356,00
Profit for the financial year	17.865.934,58	45.311.029,02
	76.404.825,32	69.402.367,66
INCOME		
Net turnover (note 16)	1.614.349,10	5.557.379,51
Other operating income	15.000,00	174.569,84
Income from participating interests		
- Affiliated undertakings (note 17)	43.879.200,05	44.000.651,01
Income from transferable securities and from loans forming part of financial fixed assets (note 18)		
- Affiliated undertakings	22.006.611,98	13.652.915,06
- Other	2.241.645,89	3.247.958,25
Other interest receivable and similar income		
- Affiliated undertakings	6.648.018,30	2.768.893,99
	76.404.825,32	69.402.367,66

The accompanying notes form an integral part of these annual accounts.



→ NOTES TO THE ACCOUNTS - CONTINUED- DECEMBER 31, 2007 (IN EUR)

NOTE 1 GENERAL

ORCO PROPERTY GROUP S.A. (the "company") was incorporated under the Luxembourg Companies Law on September 9, 1993 as a limited company (société anonyme) for an unlimited period of time.

The registered office of the company is established in Capellen.

The company has for object the taking of participating interests, in whatsoever form in either Luxembourg or foreign companies, especially in real estate companies in

Germany, Czech Republic, Hungary, Poland and other countries of Eastern Europe and the management, control and development of such participating interests. ORCO PROPERTY GROUP S.A., through its subsidiaries, rents and manages real estate and hotels properties composed of office buildings, apartments with services, luxury hotels and hotel residences, it also develops real estate projects as promoter.

ORCO PROPERTY GROUP S.A. prepares consolidated accounts, which can be obtained at the registered office.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

General

The annual accounts are prepared in conformity with generally accepted accounting principles and in agreement with the laws and regulations in force in the Grand-Duchy of Luxembourg.

Conversion of foreign currencies

The company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss account are expressed in this currency.

During the financial year the acquisitions and sales of tangible and intangible assets, equity participations and securities held as fixed assets as well as income and charges in currencies other than EUR are converted into EUR at the exchange rate prevailing at the transaction dates.

At the balance sheet date, the acquisition price of the tangible and intangible assets, equity participations and securities held as fixed assets expressed in another currency than the EUR remains converted at the historical exchange rate. All other assets and liabilities expressed in a currency other than EUR are revalued at the closing rate. Unrealised gains and losses on those revaluations are recorded in the profit and loss account under Interest payable and similar charges.

Intangible and tangible fixed assets

Intangible and tangible assets are recorded at the acquisition price and are depreciated on a straight-line basis over their estimated service life.

Financial assets

Financial assets are valued individually at their acquisition cost or nominal value (for loans). Should a permanent diminution in value occur in the value of a participation, a security held as fixed assets or a loan, its carrying value will be reduced to recognise the decline. The reduction in the carrying value will be reversed should the reasons for the reduction no longer exist.

Debtors

Loans and advances considered as financial fixed assets and current asset debtors are valued at their nominal value. A value adjustment is carried out when the estimated realisable value is lower than the nominal value.

Transferable securities

Transferable securities are valued at the lowest of their acquisition price or market value at the balance sheet date. The acquisition price includes the purchase price and the ancillary fees. The valuation is made individually and without any compensation between individual unrealized gains and losses. The market value is based on the latest available quote on the valuation day for transferable securities listed on a stock exchange or the last available net asset value for investment funds.



Provisions for liabilities and charges

Provisions to be constituted in order to cover the foreseeable risks and charges are examined by the Board of Directors at the end of each accounting year by taking into account the prudence principle. The provisions constituted during the preceding periods are reviewed and reversed if they are no more necessary.

Bonds and convertible bonds

Bonds and convertible bonds are recorded at their reimbursement value. Where the amount repayable is greater than the amount received, the difference is shown as an asset under the caption "Prepayment and accrued income" and is written off over the period of the bonds on a linear basis under the caption "Interest

payable and similar charges". Financing fees linked to the issuance of those bonds are also recorded in "Prepayment and accrued income" and are amortised through the profit and loss account over the period of the bonds under the caption "Interest payable and similar charges".

Financial instruments

The company may enter into financial instruments such as options, swaps or foreign exchange contracts to cover its currency or interest rate risks or the ones of its subsidiaries. Financial instruments are valued at fair value based on valuation techniques. Unrealised losses are recorded under the caption "Provisions for risks and charges", unrealised gains are not recorded.

NOTE 3 INTANGIBLE AND TANGIBLE ASSETS

	Intangible assets EUR	Tangible assets EUR
Acquisition price, beginning of year	72.000,00	1.048.926,29
Additions for the year	-	1.113.516,09
Disposals for the year	-	(23.647,00)
Acquisition price, end of year	72.000,00	2.138.795,38
Accumulated depreciation, beginning of year	(18.783,33)	(241.945,16)
Depreciation for the year	(14.400,00)	(301.397,94)
Reversals for the year	-	11.013,04
Accumulated depreciation, end of year	(33.183,33)	(532.330,06)
Net value, end of year	38.816,67	1.606.465,32



NOTE 4 FINANCIAL ASSETS

Financial assets consist of equity participations acquired or created by ORCO PROPERTY GROUP S.A., and loans and advances to companies in which the company holds an interest.

	Shares in affiliated undertakings EUR	Loans to affiliated undertakings EUR	Securities held as fixed assets EUR	Other loans EUR
Gross book value, at the beginning of the year	244.262.289,25	305.227.739,18	13.523.608,00	-
Additions for the year	163.239.671,92	72.384.296,32	53.624.021,64	2.086.109,50
Disposals for the year	(12.163.809,62)	-	-	-
Gross book value, at the end of the year	395.338.151,55	377.612.035,50	67.147.629,64	2.086.109,50
Value adjustment at the beginning of the year	(465.035,26)	(439.575,75)	-	-
Depreciation for the year	-	-	(1.135.227,97)	-
Reversal	110.000,00	-	-	-
Value adjustment at the end of the year	(355.035,26)	(439.575,75)	(1.135.227,97)	-
Net book value, at the end of the year	394.983.116,29	377.172.459,75	66.012.401,67	2.086.109,50

Loans to affiliated undertakings are divided into two categories: operating loans and equity loans.

Operating loans bear interest rate of 6.5% and equity loans bear interest rate of 6 %.
The loans have a maturity over 5 years.

The depreciation of the year recorded on shares in affiliated undertakings relates to management companies which have generated operating losses.



Securities held as fixed assets

The company holds 6.567.506,71 shares of the Endurance Real Estate Fund for Central Europe, a mutual investment fund launched by the company in 2005, for an acquisition price of EUR 67.147.629,64; detailed as follows :

	Number of shares	NAV as at 30/09/2007 (last calculation) EUR	Acquisition cost EUR	Value adjustment EUR
Office sub-fund	2.122.603,05	12,75	22.698.593,00	-
Residential sub-fund	744.903,66	8,48	7.449.036,64	(1.135.227,97)
Hospitality sub-fund	3.700.000,00	10,50	37.000.000,00	-
			67.147.629,64	(1.135.227,97)

Other loans

The other loans of EUR 2.086.109,50 are composed of a convertible bond granted to Split Tours, a company operating in Hvar, Croatia.

Affiliated undertakings

In accordance with article 67 (3) (a) of the law dated December 19, 2002, the Company is not presenting the capital and reserves and the profit and loss of its subsidiaries which are included in the consolidated financial statements of the Company available on the website www.orcogroup.com.

Participations are detailed as follows:

Company	Country	Local currency	% held	Acquisition cost 31/12/2007 '000 EUR	Acquisition cost 31/12/2006 '000 EUR	Purchased/ Acquired in 2007 '000 EUR	Sold/ Liquidated in 2007 '000 EUR
1.Sportovni,a.s.	Czech Republic	CZK	100%	1,130.37	-	1,130.37	-
AB Villa, s.r.o. (ex. Orco Delta)	Czech Republic	CZK	100%	-	6.78	-	6.78
Americka 1,a.s.	Czech Republic	CZK	100%	1,567.54	1,567.54	-	-
Americka 33,a.s.	Czech Republic	CZK	100%	344.84	344.84	-	-
Americka- Orco,a.s	Czech Republic	CZK	100%	780.29	780.29	-	-
Americka Park, a.s.	Czech Republic	CZK	100%	1,877.57	1,877.57	-	-
Anglicka 26,s.r.o.	Czech Republic	CZK	100%	308.05	308.05	-	-
Ariah Kft	Hungary	HUF	100%	3,189.74	3,189.74	-	-
BBC - Brno City Center, a.s.	Czech Republic	CZK	100%	9,272.03	-	9,272.03	-
Belgicka-Na Kozacce,s.r.o.	Czech Republic	CZK	100%	1,206.49	1,206.49	-	-
Beta Development, s.r.o.	Czech Republic	CZK	100%	7.11	-	7.11	-
Brno Centrum,s.r.o.	Czech Republic	CZK	100%	831.59	831.59	-	-
Bubny development, s.r.o.	Czech Republic	CZK	100%	21,261.47	21,261.47	-	-
Capellen Invest, s.a.	Luxembourg	EUR	100%	698.76	-	698.76	-
Central European Real Estate Management S.A. (CEREM)	Luxembourg	EUR	100%	31.00	31.00	-	-
Certuv ostrov a.s.	Czech Republic	CZK	100%	70.48	70.48	-	-



Company	Country	Local currency	% held	Acquisition cost 31/12/2007 '000 EUR	Acquisition cost 31/12/2006 '000 EUR	Purchased/ Acquired in 2007 '000 EUR	Sold/ Liquidated in 2007 '000 EUR
City Gate, s.r.o.	Slovakia	SKK	100%	8,695.05	-	8,695.05	-
CWM 35 Kft	Hungary	HUF	100%	21,116.10	21,116.10	-	-
Development Doubovská, s.r.o.	Czech Republic	CZK	100%	2,391.82	2,391.82	-	-
Diana Development Sp. Z o.o.	Poland	PLN	100%	3,343.17	-	3,343.17	-
Endurance Assets Management	Luxembourg	EUR	100%	125.00	124.90	0.10	-
Etoile d'or s.a.	Luxembourg	EUR	100%	524.00	524.00	-	-
Hagibor Office Building, a.s. (ex Orco Reality a.s.)	Czech Republic	CZK	100%	65.05	65.05	-	-
Izabella 62-64 Kft	Hungary	HUF	100%	4,052.87	3,814.28	238.58	-
Jeremiášova Invest s.r.o.	Czech Republic	CZK	100%	2,281.00	-	2,281.00	-
Kosic s.a.r.l.	Luxembourg	EUR	50%	10,497.50	8,996.00	1,501.50	-
Londynska 26,a.s.	Czech Republic	CZK	100%	232.92	232.92	-	-
Londynska 39,s.r.o.	Czech Republic	CZK	100%	1,139.53	1,139.53	-	-
Londynska 41,s.r.o.	Czech Republic	CZK	100%	359.57	359.57	-	-
Luxembourg Plaza, a.s. (ex: ORCO Property,a.s.)	Czech Republic	CZK	50%	7,010.66	7,010.66	-	-
Machova-Orco,a.s.	Czech Republic	CZK	100%	1,176.66	1,176.66	-	-
Manesova 28,a.s.	Czech Republic	CZK	100%	2,626.76	2,626.76	-	-
Medec 36 Kft	Hungary	HUF	100%	1,858.88	1,858.88	-	-
MMR Management, s.r.o.	Czech Republic	CZK	100%	6.30	-	6.30	-
N W D C Company spol. s ro.	Czech Republic	CZK	51%	599.29	-	599.29	-
Na Poríci, a.s. (ex. Orco Development a.s.)	Czech Republic	CZK	100%	3,585.55	3,585.55	-	-
Nad Petruskou,s.r.o.	Czech Republic	CZK	100%	364.83	364.83	-	-
Nupaky a.s.	Czech Republic	CZK	100%	2,107.78	-	2,107.78	-
Oak Mill,a.s.	Czech Republic	CZK	99.97%	1,385.26	1,385.26	-	-
Onset a.s.	Czech Republic	CZK	100%	1,561.51	1,561.51	-	-
OPG Russia Sarl	Luxembourg	EUR	100%	31.00	31.00	-	-
Orco Adriatic d.o.o.	Croatia	HRK	100%	2.73	2.73	-	-
Orco Bucharest	Roumania	ROL	96%	3.26	3.26	-	-
ORCO Budapest Rt.	Hungary	HUF	100%	3,050.38	3,050.38	-	0.00
Orco Capitol (ex. Prague Real Estate 2 S.A)	Luxembourg	EUR	100%	31.00	30.00	1.00	-
Orco Commercial Sp. z o.o.	Poland	PLN	100%	199.77	199.77	-	-
Orco Construction Sp. z o.o.	Poland	PLN	75%	8.83	11.77	-	2.94
ORCO Croatia s.a.	Luxembourg	EUR	100%	31.00	30.00	1.00	-
ORCO Development Kft.	Hungary	HUF	100%	70.18	70.18	-	-
ORCO Development Slovakia	Slovakia	SKK	100%	4.97	4.97	-	-
Orco Development Sp. z o.o.	Poland	PLN	75%	337.74	450.32	-	112.58
Orco Enterprise Sp. z.o.o.	Poland	PLN	100%	25.39	25.39	-	-
Orco Epsilon a.s.	Czech Republic	CZK	100%	-	69.85	-	69.85
ORCO Estate Slovakia	Slovakia	SKK	100%	4.97	4.97	-	-
Orco Estate Sp. z o.o.	Poland	PLN	100%	26.22	26.22	-	-
ORCO ESTATE,s.r.o.	Czech Republic	CZK	100%	885.26	885.26	-	-
Orco Financial Services, s.r.o.	Czech Republic	CZK	100%	35.44	35.44	-	-
Orco Germany s.a.	Luxembourg	EUR	56.79%	97,515.11	97,756.13	-	241.01
Orco Hotel Development Sp. z o.o.	Poland	PLN	100%	2.91	-	2.91	-
Orco Hotel Group s.a.	Luxembourg	EUR	100%	-	7,328.75	-	7,328.75
Orco House, s.r.o.	Slovakia	SKK	100%	-	5.21	-	5.21
ORCO Hungary Kft.	Hungary	HUF	100%	583.45	583.45	-	-



Company	Country	Local currency	% held	Acquisition cost 31/12/2007 '000 EUR	Acquisition cost 31/12/2006 '000 EUR	Purchased/ Acquired in 2007 '000 EUR	Sold/ Liquidated in 2007 '000 EUR
Orco Idea Sp.z.o.o.	Poland	PLN	100%	13.08	-	13.08	-
ORCO Investment Kft.	Hungary	HUF	100%	120.18	50.18	70.00	-
ORCO INVESTMENT,a.s.	Czech Republic	CZK	100%	65.05	65.05	-	-
Orco Kappa s.r.o.	Czech Republic	CZK	100%	-	7.04	-	7.04
Orco Lambda s.r.o.	Czech Republic	CZK	100%	-	7.04	-	7.04
Orco Logistic Sp.z.o.o.	Poland	PLN	100%	13.08	-	13.08	-
Orco Marine, d.o.o.	Croatia	HRK	100%	27.50	-	27.50	-
Orco Omega, a.s.	Czech Republic	CZK	100%	-	19.97	-	19.97
Orco Poland Sp. z o.o.	Poland	PLN	100%	399.03	399.03	-	-
Orco Praga, s.r.o.	Czech Republic	CZK	75%	933.18	1,244.26	-	311.08
Orco Prague,a.s.	Czech Republic	CZK	100%	545.54	545.54	-	-
Orco Project Management,s.r.o.	Czech Republic	CZK	100%	1,396.01	1,396.01	-	-
Orco Project Sp. z o.o.	Poland	PLN	100%	700.99	700.99	-	-
Orco Project, s.r.o.	Slovakia	SKK	100%	5.21	5.21	-	-
Orco Projekt Szervező Zrt.	Hungary	HUF	100%	-	238.58	-	238.58
Orco Projekt, d.o.o.	Croatia	HRK	100%	2.75	-	2.75	-
Orco Property Management,a.s.	Czech Republic	CZK	100%	121.46	121.46	-	-
Orco Property Sp. z o.o.	Poland	PLN	75%	1,503.36	2,004.48	-	501.12
Orco Razvoj, d.o.o.	Croatia	HRK	100%	27.50	-	27.50	-
Orco Residence, s.r.o.	Slovakia	SKK	100%	5.18	5.18	-	-
Orco Residential Sp. z o.o.	Poland	PLN	100%	1,321.60	1,321.60	-	-
ORCO Slovakia	Slovakia	SKK	100%	4.97	4.97	-	-
Orco Strategy Sp. z o.o.	Poland	PLN	100%	99.38	99.38	-	-
ORCO Strategy,a.s.	Czech Republic	CZK	100%	-	62.14	-	62.14
Orco Theta s.r.o.	Czech Republic	CZK	100%	-	7.08	-	7.08
ORCO Vagyonkezelő Kft	Hungary	HUF	100%	1,001.90	1,001.90	-	-
Orco Vinohrady,a.s.	Czech Republic	CZK	100%	338.42	338.42	-	-
Orco Vision Sp.z.o.o.	Poland	PLN	100%	13.08	-	13.08	-
ORCO Yugoslavia	Serbia	CSD	100%	5.00	5.00	-	-
ORCO Zagreb	Croatia	HRK	100%	2.80	2.80	-	-
Orco-Molcom B.V.	Netherlands	EUR	70%	51,408.61	-	51,416.11	7.50
Ozrics Kft	Hungary	HUF	100%	-	2,875.25	-	2,875.25
Pacht v Palác s.r.o.	Czech Republic	CZK	100%	7,424.41	-	7,424.41	-
První Kvintum Praha a.s.	Czech Republic	CZK	100%	2,760.22	-	2,760.22	-
Residence Belgická, s.r.o.	Czech Republic	CZK	100%	1,234.79	-	1,234.79	-
Residence Masaryk, a.s.	Czech Republic	CZK	100%	1,558.96	1,558.96	-	-
Révay 10 Kft	Hungary	HUF	100%	872.95	872.95	-	-
Salinoko	Cyprus	USD	100%	11,456.70	11,082.09	374.61	-
Seattle,s.r.o.	Czech Republic	CZK	100%	1,261.42	1,261.42	-	-
Suncani HVAR	Croatia	HRK	47.56%	66,834.60	-	66,834.60	-
T-O Green Europe a.s.	Czech Republic	CZK	100%	904.19	451.20	452.99	-
TQE Asset, a.s.	Czech Republic	CZK	100%	300.00	300.00	-	-
Vinohrady s.à r.l. (ex ORCO Paris)	France	EUR	100%	7.62	7.62	-	-
Viterra Česká, s.r.o.	Czech Republic	CZK	100%	2,689.00	-	2,689.00	-
Viterra Development Polska sp.z.o.o.	Poland	PLN	99.99%	9,309.38	9,309.38	-	-
Yuli Kft	Hungary	HUF	100%	5,828.73	6,118.73	-	290.00
Zahrebska 35,s.r.o.	Czech Republic	CZK	100%	286.30	286.30	-	-
Zeta Property, a.s.	Czech Republic	CZK	100%	-	69.88	-	69.88
				395,338.15	244,262.29	163,239.67	-12,163.81



NOTE 5 OTHER DEBTORS

Other debtors can be detailed as follows:

	2007	2006
Receivable from Endurance Fund or its subsidiaries (1)	16.755.852,15	4.038.599,09
Loans granted to third parties	10.189.525,17	3.243.553,05
Loans granted to management (note 20)	850.000,00	-
Interests receivable	1.697.138,38	54.094,13
VAT receivable	341.727,63	453.973,11
Other debtors	4.748.028,16	1.218.658,40
	34.582.271,49	9.008.877,78

(1) Receivable from Endurance Fund or its subsidiaries are mainly composed of the sale proceeds of participations to the Fund.

NOTE 6 TRANSFERABLE SECURITIES

	Own shares	Own bonds	Orco Germany shares and warrants	Other securities	Total
	EUR	EUR	EUR	EUR	EUR
Gross book value, at the beginning of the year	-	2.261.591,34	210.103,08	18.136.575,02	20.608.269,44
Additions for the year	15.157.939,53	4.474.590,31	3.961.865,16	2.810.990,74	26.405.385,74
Disposals for the year	-	(70.036,51)	-	(15.985.309,52)	(16.055.346,03)
Gross book value, at the end of the year	15.157.939,53	6.666.145,14	4.171.968,24	4.962.256,24	30.958.309,15
Value adjustment, at the beginning of the year	-	-	-	-	-
Depreciation for the year	(2.977.194,47)	(87.153,29)	(668.688,24)	(678.214,68)	(4.411.250,68)
Value adjustment, at the end of the year	(2.977.194,47)	(87.153,29)	(668.688,24)	(678.214,68)	(4.411.250,68)
Net book value, at the end of the year	12.180.745,06	6.578.991,85	3.503.280,00	4.284.041,56	26.547.058,47

As at December 31, 2007, the valuation of the transferable securities on the basis of the latest available market price amounts to EUR 28.040.005,64. Own shares, own bonds and Orco Germany shares and warrants classified as transferable securities are securities held for trading.



NOTE 7 PREPAYMENTS AND ACCRUED INCOME

These accounts consist of premium and issuing fees on bonds, amortized over the bonds' life (see note 11).

	2007 EUR	2006 EUR
Gross amount at the beginning of the year	8.249.966,43	3.730.353,08
Increase for the year	11.114.272,87	5.269.613,35
Decrease for the year	-	(750.000,00)
Gross amount at the end of the year	19.364.239,30	8.249.966,43
Amortization at the beginning of the year	(1.511.586,73)	(1.062.020,11)
Amortization of bond's premium for the year(1)	(527.496,85)	(54.481,77)
Amortization of issuing fees for the year(1)	(1.863.438,71)	(1.145.084,85)
Reversal for the year	-	750.000,00
Amortization at the end of the year	(3.902.522,29)	(1.511.586,73)
Net amount at the end of the year	15.461.717,01	6.738.379,70

(1) The amortization of bond's premium and the issuing fees are accounted for in the profit and loss account as interest payable and similar charges.

The increase of the year is linked to the issuance of a new OBSAR (see note 11)

NOTE 8 CAPITAL ACCOUNTS

	Share capital	Share premium	legal reserve	Other reserves	Profit brought forward
	EUR (1)	EUR	EUR (2)	EUR (4)	EUR
Balance at 01.01.2007	34.397.548,60	197.551.844,86	948.016,02	-	5.427.394,29
Capital increases	10.033.306,80	198.209.937,64	-	-	(1.473.076,70) (3)
Appropriation of 2006 profit	-	-	-	-	45.311.029,02
- Dividend	-	-	-	-	(8.646.673,00)
- Legal reserve	-	-	2.265.551,45	-	(2.265.551,45)
- Other reserves	-	-	-	12.180.745,06	(12.180.745,06)
Balance at 31.12.2007	44.430.855,40	395.761.782,50	3.213.567,47	12.180.745,06	26.172.377,10

(1) As at December 31, 2007, the subscribed and fully paid-up capital of EUR 44.430.855,40 (2006: EUR 34.397.548,60) is represented by 10.836.794 shares (2006: 8.389.646) with a par value of EUR 4,10 per share. The authorised capital amounts to EUR 100.000.000,00. During the year, the company has increased its capital by 2.447.148 shares detailed as follows:

	Shares	Capital	Share premium
Exercise of stock options:	294.000	1.205.400,00	20.615.000,00
Issuance of new shares in June 2007:	1.500.000	6.150.000,00	166.350.000,00
Conversion of bonds (see note 11):	257.027	1.053.810,70	7.273.864,10
Issuance of new shares (see point (3)):	359.287	1.473.076,70	-
Reinvestment of dividend:	36.834	151.019,40	3.971.073,54
	2.447.148	10.033.306,80	198.209.937,64

(2) In accordance with Luxembourg companies' law, the company is required to appropriate a minimum of 5% of the annual net profit to a legal reserve until the balance of such reserve equals 10% of the issued capital. The legal reserve is not available for distribution.

(3) Within the authorized capital, the Board of Directors decided on November 22, 2007 to exchange 3 warrants ORCBR 2012 against 3 New Warrants ORCOW 2014 and a new share of the company (see note 11 (8)). The capital of the company was increased by 359.287 shares (EUR 1.473.076,70) and the profit brought forward was reduced by the same amount.

(4) In accordance with Luxembourg legal requirements, the Company has allocated EUR 12,180,745.06 to undistributable reserves corresponding to the value of own shares recorded in assets.



NOTE 9 PROVISIONS FOR TAXES AND OTHER TAXES

The company is fully taxable in Luxembourg for income tax and net wealth tax. Final tax assessments have been received until and including the fiscal year 2004 for income tax and for net wealth tax. The amount of EUR 485.940,90 (2006: EUR 299.485,00) represents the provisions, net of the advances paid, constituted for the fiscal years for which the final assessments have not yet been issued.

In accordance with the fiscal law, profits are not subject to income taxes as they are composed of non taxable profits on sales of equity participations realised in accordance with the conditions provided by law in matters of holding period. The amount of EUR 2.294.432,00 (2006: EUR 1.379.356,00) shown in the profit and loss account under the item "other taxes" corresponds to the estimates charge for net wealth tax for EUR 212.000,00 (2006 : EUR 528.000,00) and the tax paid on capital increases occurred during the year for EUR 2.082.432,00 (2006 : 851.356,00).

NOTE 10 FINANCIAL INSTRUMENTS

The non realised losses on financial instruments for EUR 3.980.723,20 are included in "Other provisions".

The company has entered into currency rate options detailed as follows:

Buy / Sell	Type	Currency	Position	Type	Currency	Strike	Expiry	Market Value (EUR)
Buy	Call	USD	30.875.000	Put	CZK	21,60	29/10/2008	46.185,60
Sell	Put	USD	30.875.000	Call	CZK	21,60	29/10/2008	-4.022.615,47
Buy	Call	USD	30.875.000	Put	CZK	21,60	29/10/2008	12.596,65
								-3.963.833,22
Sell	Call	EUR	10.000.000	Put	HUF	269,02	18/08/2008	-82.500,00
Buy	Put	EUR	10.000.000	Call	HUF	269,02	18/08/2008	345.130,00
Sell	Call	EUR	12.000.000	Put	HUF	269,02	18/08/2008	-98.976,00
Buy	Put	EUR	12.000.000	Call	HUF	269,02	18/08/2008	144.330,00
								307.984,00
Buy	Put	EUR	12.000.000	Call	HUF	264,40	10/06/2008	138.060,00
Sell	Call	EUR	12.000.000	Put	HUF	264,40	10/06/2008	-101.028,00
Buy	Put	EUR	8.000.000	Call	HUF	264,40	10/06/2008	240.824,00
Sell	Call	EUR	8.000.000	Put	HUF	264,40	10/06/2008	-68.392,00
								209.464,00
Sell	Call	CZK	700.000.000	Put	USD	4,00	30/09/2009	130.391,07
								130.391,07
Sell	Call	EUR	3.333.333,33	Put	USD	1,50	10/01/2008	25.625,00
								25.625,00



The company also entered into foreign exchange contracts detailed as follows:

Maturity date	Currency purchased	Currency sold	Amount	Market Value (EUR)
02/01/2008	EUR	USD	2.000.000	-38.161,75
02/01/2008	EUR	USD	1.000.000	-15.173,81
02/01/2008	EUR	USD	5.000.000	-53.219,00
02/01/2008	EUR	USD	2.000.000	-7.468,28
02/01/2008	EUR	USD	10.000.000	75.296,51
02/01/2008	EUR	USD	5.000.000	21.836,35
				-16.889,98
31/10/2008	USD	CZK	60.000.000	5.437.857,58
				5.437.857,58

The company also entered into an interest rate swap in order to cover the interest payable on the bond as detailed in point (5) hereafter:

Maturity date	Currency	Amount	Floating interest rate to receive	Floating interest rate to pay			Market Value (EUR)
					Min.%	Max.%	
03/02/2011	CZK	1.383.298.000	6M Pribor	2 X 6M Pribor - 2.30%	2.49	3.61	885.878,94
							885.878,94



NOTE 11 BONDS

As at December 31, 2007 and 2006, bonds are detailed as follows:

		Interest rate %	Maturity	Amount EUR	
2007					
<u>Convertible bonds</u>					
	928.513	5,5	2012	24.169.193,39	(2)
	1.086.956	1	2013	149.999.928,00	(6)
				<u>174.169.121,39</u>	
<u>Non convertible bonds</u>					
	140	6MPribor+2,2%	2011	52.592.036,06	(5)
	73.273	4,5	2010	50.272.605,30	(3)
	119.544	2,5	2014	177.855.022,45	(7)
				<u>280.719.663,81</u>	
				454.888.785,20	
2006					
<u>Convertible bonds</u>					
	259.014	5,5	2011	8.392.053,57	(4)
	928.513	5,5	2012	24.169.193,39	(2)
	1.086.956	1	2013	149.999.928,00	(6)
				<u>182.561.174,96</u>	
<u>Non convertible bonds</u>					
	3	6	2007	3.180.000,00	(1)
	1	6	2007	1.029.726,06	(1)
	140	6MPribor+2,2%	2011	50.918.348,79	(5)
	73.273	4,5	2010	50.272.605,30	(3)
				<u>105.400.680,15</u>	
				287.961.855,11	

(1) Bond reimbursed during 2007.

(4) During 2007, an amount of EUR 8.327.674,80 was converted in Orco Property Group's shares. The rest of the bonds was reimbursed.



(2) Exchangeable bond in Suncany Hvar shares

The acquisition of Suncani Hvar dd has been financed by a private placement of an exchangeable bond issued by the company under the following terms:

Nominal	EUR 24.169.193,39
Issue price	EUR 26,03 (KN 190)
Issue date	30 June 2005
Nominal interest rate	5,5 %
Exchange at the discretion of bondholder	between 1 July 2010 and 11 June 2012 in Suncani Hvar dd share, one share for one bond.
Repayment date	the non exchanged bonds will be reimbursed in cash on 30 June 2012
ISIN	XS 0223 58 64 20
Listing	Luxembourg stock exchange as from November 2005

As at 31 December 2007, no bond had been exchanged.

(3) Bond with repayable subscription warrants (“OBSAR”)

The acquisition of Suncani Hvar dd has been financed by a private placement of an exchangeable bond issued by the company under the following terms:

Bonds	
Nominal	EUR 50.272.605,30
Number of bonds	73.273
Nominal value per bond	EUR 686,10
Issue price per bond	EUR 682,38
Redemption	18 November 2010
Normal Redemption	at par; EUR 686,10 per bond, if the average price quoted over the ten stock exchange trading sessions preceding the Redemption Date, of the products of the closing price of the Orco Property Group S.A. share on the Euronext Paris S.A. Eurolist market and of the Exercise Parity applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Redeemable Share Subscription Warrants, at 120% of par, that is EUR 823,32 per Bond, if the average price quoted over the ten stock exchange trading sessions preceding the Redemption Date, of the products of the closing price of the Orco Property Group share on the Euronext Paris S.A. Eurolist market and of the Exercise Parity applicable during the said stock exchange sessions is less than the Exercise Price of the Redeemable Share Subscription warrants.
Early Redemption	Option to redeem all bonds at 120% of the par value on any Interest Payment Date subject to one month's notice to bearers before the early redemption date.
Nominal interest rate	4,5%
ISIN	FRO010249599
Listing	Euronext



Warrants

Number of warrants	1.099.095 (corresponding to 15 warrants/issued bond)
Exercise ratio	one warrant gives the right to one share
Exercise price	EUR 68,61
Exercise period	18 November 2005 until 18 November 2012
Early repayment	From 19 November 2007 the issuer may reimburse the warrants at EUR 0,01 if the average share price over the last 10 days preceeding 19 November 2007 is higher than EUR 96,05.
ISIN	LU0234878881
Listing	Euronext

21.161 warrants are outstanding at the end of the year – see paragraph (8)

(5) The Board of Directors decided on February 2nd, 2006 to issue a floating rate bond without preferential subscription rights with the following terms :

Nominal	CZK 1.400.000.000
Number of bonds	140
Nominal value	CZK 10.000.000
Issue price	CZK 10.000.000
Issue date	February 3, 2006
Nominal interest rate	6M Pribor + 2,20% (4,75%)
Final redemption date	February 3, 2011
ISIN	CZ0000000195
Listing	Prague Stock Exchange

The bond is converted into Euro at year-end rate which leads to an unrealised loss of EUR 1.673.687,27.



(6) Within the authorized capital, the Board of Directors decided on May 15th, 2006 to issue a convertible bond without preferential subscription rights with the following terms :

Nominal	EUR 149.999.928,00
Number of bonds	1.086.956
Nominal value per bond	EUR 138,00
Issue price per bond	EUR 138,00
Issue date	June 1, 2006
Normal Redemption	the non converted bonds will be reimbursed in cash on May 31, 2013
Redemption price if not converted	138,62% of par at EUR 191,29; i.e. a gross yield-to-maturity of 5,65%
Early Redemption	Subject to the one month's notice to bearers before the early redemption date, the Company may redeem all bonds from 1 July 2008 under the condition that the share price of Orco Property Group exceeds 130 % of the issue price during 30 consecutive days after 1 June 2008. The bondholders who did not convert within 30 days will, on top of the par and accrued interest, receive a reimbursement premium giving them a 5,65 % IRR
Nominal interest rate	1%
Conversion ratio	One new share for one bond
ISIN	FRO010333302
Listing	Euronext Paris

As at December 31, 2007, no bond had been converted.

As at December 31, 2007, no provision is recorded for the indemnity to be paid to the bondholder in case of non-conversion as the bonds will be converted at nominal value without interest. The Board of Directors considers the risk of non-conversion as remote.

(7) Within the authorized capital, the Board of Directors decided on March 7, 2007 to issue a bond with repayable subscription warrant (OBSAR) with the following terms :

Bonds	
Issuer	Orco Property Group SA
Nominal	EUR 175,000,461.60
Number of bonds	119,544
Nominal value per bond	EUR 1,463.90
Issue price per bond	EUR 1,421.45
Redemption	28 March 2014
Redemption price	117.5% of par at EUR 1,720.08, i.e. a gross yield-to-maturity of 7.383%.
Nominal interest rate	2.5%
ISIN	XS0291838992
Listing	Euronext
Warrants	
Number of warrants	1,793,160 (corresponding to 15 warrants/issued bond)
Exercise ratio	one warrant gives the right to one share
Exercise price	EUR 146.39
Exercise period	28 March 2007 until 28 March 2014
Early repayment	From 28 March 2012 the issuer may reimburse the warrants at EUR 0.01 if the average share price of not less than 20 dealing days during the preceding period of 30 consecutive dealing days exceeds EUR 190.31.
ISIN	XS0290764728
Listing	Euronext



(8) Within the authorized capital, the Board of Directors decided on November 22, 2007 to exchange 3 warrants ORCBR 2012 against 3 New Warrants ORCOW 2014 and a new share of the company (see note 8). Due to that exchange, 359.287 new shares and 1.077.861 new Warrants ORCOW 2014 were created. After the exchange, the number of warrants ORCBR 2012 outstanding is 21.161 and the number of Warrants ORCOW 2014 is 2.871.021.

NOTE 12 VALUE ADJUSTMENTS

Value adjustments in respect of tangible and intangible fixed assets:

	2007 EUR	2006 EUR
Value adjustment on intangible assets (note 3)	14.400,00	13.150,00
Value adjustment on tangible assets (note 3)	301.397,94	96.343,18
	315.797,94	109.493,18

Value adjustments in respect of current assets:

	2007 EUR	2006 EUR
Value adjustment on other debtors	1.711.486,39	-

Value adjustments in respect of financial fixed assets and of transferable securities held as current assets:

	2007 EUR	2006 EUR
Value adjustment on financial fixed assets (note 4)	1.135.227,97	-
Value adjustment on transferable securities (note 6)	4.411.250,68	-
	5.546.478,65	-

NOTE 13 OTHER EXTERNAL CHARGES

Other external charges are mainly composed of costs linked to the various capital increases (EUR 8.470.606,46) and external service providers (EUR 7.528.872,82).

NOTE 14 STAFF COSTS

The Company employed in average during the year:

Employees: 3

Management: 1

The increase of staff costs is mainly linked to the provision for bonuses granted for the first time in 2007 to the management of the Company.



NOTE 15 OTHER INTEREST PAYABLE AND CHARGES

As at December 31, 2007, other interest and charges are principally composed of interest payable on bonds for EUR 14.500.090,31 (2006: EUR 7.505.442,82), the amortization of bond's premium and issuing fees of bonds for EUR 2.390.935,56 (2006: EUR 1.199.566,62) and realized and unrealized losses on foreign exchange for EUR 7.516.743,38 (2006: EUR 2.392.340,00).

NOTE 16 NET TURNOVER

The net turnover of the company is made of fees linked to services rendered to the subsidiaries of the company and to the Endurance Real Estate Fund for Central Europe promoted by Orco Property Group S.A..

NOTE 17 INCOME FROM PARTICIPATING INTEREST IN AFFILIATED UNDERTAKINGS

	2007 EUR		2006 EUR
Gains realised on sales of equity participations	15.691.775,30	(1)	44.000.651,01
Profit due to the liquidation of equity participations.	22.742.468,48	(2)	-
Reversal of value adjustment on equity participations	110.000,00		-
Dividends received from equity participations	5.334.956,27		-
	43.879.200,05		44.000.651,01

(1) The sale of participations to the Endurance Real Estate Fund and its subsidiaries are subject to price adjustment clause linked to final assessment by an independent expert of the fair value of the underlying buildings. The final price adjustment is not known at the date of this report.

(2) The liquidations of Orco Hotel Group S.A., Orco Hotel Collection S.A. and MaMaison Résidences S.A. have occurred after the sale of their participations to Hospitality Invest S.A., a subsidiary of the Hospitality sub-fund of Endurance Real Estate Fund.

NOTE 18 INCOME FROM OTHER TRANSFERABLE SECURITIES AND FROM LOANS FORMING PART OF FINANCIAL FIXED ASSETS

Other income is detailed as follows:

Income from affiliated undertakings EUR: 22.006.611,98 (2006: EUR 13.652.915,06) is composed of interest on loans granted to subsidiaries (see note 4).

	2007 EUR	2006 EUR
Interest on bonds held as fixed assets	139.202,71	-
Interest on bonds held as transferable securities	298.950,27	-
Gain realised on sales of own shares	-	1.767.452,74
Gain realised on sales of other securities	1.803.492,91	1.480.505,51
	2.241.645,89	3.247.958,25

NOTE 19 GUARANTEES AND COMMITMENTS

Stock-options:

As of December 31, 2007, the non exercised stock options plans granted to employees or directors are summarized as follows:

	2007		2006	
	Average exercise price in EUR	Number of options	Average exercise price in EUR	Number of options
Outstanding at the beginning of the year	73,67	367.500	35,00	117.000
Granted in 2007 / 2006	-	-	75,60	350.000
Exercised (stock options 2005)	35,00	-17.500	35,00	-99.500
Exercised (stock options 2006)	75,60	-287.000	-	-
Outstanding at the end of the year	75,60	63.000	73,67	367.500

The outstanding stock options can be exercised from March 3rd, 2007 until March 3rd, 2012 at an exercise price of EUR 75,60.

No new stock option plan has been granted in 2007.

In March 2006, the Board of Directors of the company decided to set up a stock option plan on a maximum of 350 000 Suncani Hvar shares. This plan has not been granted yet and as such, is not recorded in the financial statements.

Other commitments:

1. The shares representing the equity participations are pledged in favour of banks in order to guarantee loans granted to subsidiaries. The company also guarantees loans granted by banks to subsidiaries in order to finance the acquisition of properties.

The guarantees granted to financial institutions remain fully valid until complete reimbursement of credits.



2. The Board of Directors granted to some members of the management of the group a termination indemnity payment for a total amount of EUR 34 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.

3. Orco Property Group S.A. entered into a Subscription Agreement with the Endurance Real Estate Fund for Central Europe. The Group subscribed to the three existing sub-funds. As at December 2007, the full amount subscribed to the Office sub-fund has been called, on the Residential sub-fund the balance still to be called amounts to EUR 14,5 million out of EUR 21,9 million subscribed and on the Hospitality sub-fund the balance still to be called amounts to EUR 10 million out of EUR 47 million subscribed.

NOTE 20 REMUNERATION AND LOANS GRANTED TO DIRECTORS

The remunerations paid to the Directors in that capacity for the year 2007 amount to KEUR 387 (2006: KEUR 411) and are included as staff costs in the profit and loss account. Furthermore, the Directors receive a fee of EUR 1.000 (2006: EUR 1.000) each time they are attending a board meeting.

During the year, the Company granted loans to the Directors for an amount of KEUR 4.914 at a rate of 9%. These loans are all matured at the date of this report. Loans granted to management amounted to EUR 850.000 at year-end.

The company did not grant any pension plans to the Directors.

NOTE 21 TRANSACTIONS ON OWN SHARES

In 2007, the company has proceeded as part of the previous program to the repurchase of 182.568 (2006: 198.668) own shares for a total amount of EUR 18.704.999,99 (2006: EUR 15.949.701,61) and to the subsequent sale of 33.166 (2006: 198.668) own shares for a total amount of EUR 2.693.996,00 (2006: EUR 17.717.154,35), generating a net realised loss on sales amounting to EUR 853.063,57 (2006: gain of EUR 1.767.452,74).

On 31st December 2007, the company has 149.402 own shares for which the net book value is EUR 12.180745,06 (see note 6).

NOTE 22 SUBSEQUENT EVENTS

No significant event occurred subsequently to December 31, 2007.

