The Endurance Hospitality Fund

Manager: NICOLAS TOMMASINI
(also Vice President of Orco Property Group)

Launch date: June 2007
Legal Status: Luxembourg FCP
Expected fund size: 250 mln € equity
Minimum Investment: 5 mln €
Annual Management Fee: 2% equity
Expected–Max Leverage: 70% LTV

THE OBJECTIVE

Endurance Hospitality is an opportunistic fund targeting hospitality assets in Europe, and particularly Central and Eastern Europe. The Fund focuses on assets with potential of redevelopment or repositioning and therefore targets an over–average return of at least 20% IRR for its investors.

FOCUS ON RETURN

To achieve over–average return the Fund will particularly focus on:

– Assets with development or redevelopment potential, relying on Orco Group’s extensive project management resources.
– Assets with positioning, management and brand upside, relying on an experienced hotel asset management team.
– “Below the radar” acquisitions. The Fund, through Orco’s strong local presence, has access to properties that are not officially marketed for sale.

MANAGEMENT AND BRAND STRATEGY

The Fund strategy is to focus on large assets that will be managed and branded with main international operators (Marriott, Starwood, Hilton etc.). For smaller, turn around acquisitions, the Fund will rely on MaMaison Hotels & Apartments, subsidiary of ORCO, which already manages some of the assets owned by the Fund.

SEEDING AND PIPE LINE

The Fund is being seeded with a 50% stake in a portfolio of 10 hospitality assets developed by ORCO in Central Europe and Russia worth 166 million €.

The Fund has lined up a pipe line of 400 million € investments for closing in 2nd half 2007 including investments in Prague, Moscow, Paris, Croatian coast and Germany (available upon signing confidentiality agreement).
The Endurance Hospitality FUND

FUND TEAM AND TRACK RECORD

There is already a dedicated hotel team besides N. TOMMASINI:
- B. CAILLARD, Asset Management – Hotel management relationships
- M. BEZRUKOV, Asset Management – Finance
- M. LINDT, Acquisitions and Analysis
- K. RUPAR, Hotel Development
- Besides the Hospitality Fund can rely on existing ENDURANCE FUND Management, headed by C. MANTHE, and acquisitions, headed by J. ALSON, and the whole ORCO Property Group acquisition team in the different countries.

TARGET MARKETS

Orco Endurance Hospitality Sub Fund is an opportunistic fund targeted at investments into hospitality assets in Central and Eastern Europe. Over the past years, the ORCO Investment Hospitality team has developed an impressive track record of opportunistic hotel investments and has created substantial value for the group in region. The objective of the fund is to balance lower risk/return investment in capital cities in Central Europe and higher risk/return investment into secondary cities in Central Europe Balkans capital cities, Russia and Croatia coast.

FUND TIMELINE

2nd Q Fund creation, JV of Fund with AIG, Orco Hotels purchase
- Orco started the Fund 06/2007 as sole shareholder.
- Fund created JV which purchased Orco Hotels portfolio at end June, with full deed of warranties from Orco Hotel.
- Fund contracted JV agreement with AIG RE for purchase of 50% of JV, to be effective August. Fund will keep 50% of JV.

3rd Q Investor’s commitments and investments
- Commitment period Starting from 07/2007.
- Investment expected 09/2007, after AIG deal is closed.

- 3rd – 4th Q 2007 – Closing of pipe line deals pre-agreed.
- 4th Q – refinancing of portfolio (pre agreed at 65% LTV incl capex).
- Year 2010 – 250 mln Euro of equity invested.
- Year 2013 Expected Sale time.

CONTACT

Mr. CHRISTOPH MANTHE
Endurance Fund, Managing Director
Luxembourg Plaza
Premslovska 43, 130 00 Praha 3
Czech Republic
Tel.: +420 221 416 311

25, Rue Balzac, 750 08 Paris
France
Tel.: +331 406 76 700

Managed by
ORCO