



**ORCO PROPERTY GROUP**

*Société Anonyme*

L-8308 Capellen

40, Parc d'Activités Capellen

R.C.S. Luxembourg B44996

(the "Company")

---

**EXPLANATORY NOTE ON THE PROPOSED AMENDMENTS TO THE  
CURRENT TERMS OF THE WARRANTS 2014  
TO BE APPROVED BY THE WARRANTHOLDERS MEETING  
(The "Meeting")  
TO BE HELD AT THE REGISTERED OFFICE OF THE COMPANY ON  
APRIL 11, 2008 AT 14H30 CET**

---

The current price of the shares of the Company is extremely low compared to its net asset value per share and the prices of the bonds issued by the Company are suffering from the credit crunch and from the increasing risk aversion of the investors, the Company intends to increase the probability of occurrence of the EUR 420,288,764.19 potential capital increase resulting from the exercise of the 2,871,021 outstanding Warrants 2014 (as defined below) in order to strengthen the image of the Company *vis-à-vis* credit analysts and in general *vis-à-vis* the financial community.

In this context, it is proposed for the Company to amend the current terms of the warrants registered under ISIN code: XS0290764728 (the "**Warrants 2014**") as described in the Prospectus N°1 (as defined below) and the Prospectus N°2 (as defined below) (together the "**Prospectuses**") and issued at the occasion of (i) the issue of EUR175,000,461.60 bonds with Warrants 2014 attached pursuant to the prospectus approved by the *Commission de Surveillance du Secteur Financier* on March 22, 2007 (the "**Prospectus N°1**") and (ii) the exchange offer for all issued and outstanding warrants registered under ISIN code: LU0234878881 (the "**Warrants 2012**") pursuant to the prospectus approved by the *Commission de Surveillance du Secteur Financier* on October 22, 2007 (the "**Prospectus N°2**"). Such amendments shall respect the equivalence of the value of the Warrants 2014 pre-amendments and post-amendments. A higher Exercise Ratio (as defined in the Prospectuses) than the current Exercise Ratio of the Warrants 2014 shall be granted to the holders of the Warrants 2014 in compensation for the amendment of sections 4.2.1.11.2.1. of the Prospectus N°1 and 4.2.1.11.2. of the Prospectus N°2.

In connection with the proposed amendments of the terms of the Warrants 2014, the board of directors of the Company has appointed “*Constantin Associés*” as independent expert (the “**Independent Expert**”) in view of the Meeting, with the mission to analyze the proposed amendments to the current terms of the Warrants 2014 and consequently confirm the equivalence of the value of the Warrants 2014 pre-amendments and post-amendments.

Pursuant to analysis of the proposed amendments, the Independent Expert has issued the following conclusion:

*“Our work consisted mainly in valuing the Warrants 2014 with current terms, then valuing the Warrants 2014 with proposed modified terms and comparing the results to appreciate the fairness of the equivalence of the value of the Warrants 2014 pre and post-restructuring, for both the Company’s Shareholders and the Warrantheolders 2014.*

*We deem that the new terms of the Warrants 2014 (i.e. new Exercise Ratio of 1.59, new Soft Call Price of €161.03 and new Soft Call Period as from June 30, 2009) do not impact the current value of the Warrants 2014. These changes are neutral, for both the Company’s Shareholders and the Warrantheolders 2014.”*

The board of directors of the Company has acknowledged receipt of the said independent report and has approved the conclusion of the Independent Expert. Consequently the board of directors has decided to submit the proposed amendments of the Warrants 2014 to the approval of holders of the Warrants 2014 at the Meeting.

**I.** As at the date of the Meeting and according to the Prospectuses, the current terms of the Warrants 2014 are as follows:

- Exercise Ratio of the Warrants 2014:

Each Warrant 2014 entitles its holder to acquire 1.03 existing Shares (as defined in the Prospectus N°2) and/or subscribe to 1.03 new Shares at the prevailing Exercise Price (as defined in the Prospectuses). The Exercise Ratio is subject to adjustments as described in section 4.2.2.4. of the Prospectuses.

- The redemption of the Warrants 2014 at the Company’s option:

As at the date of the Meeting, the first paragraph of the sections 4.2.1.11.2.1. of the Prospectus N°1 and 4.2.1.11.2. of the Prospectus N°2, provide that the Company may redeem the outstanding Warrants 2014, at its sole discretion, at any time from March



28, 2012 until March 28, 2014 at a unit price of EUR 0.01 provided that the Parity Value (as defined in the Prospectuses) exceeds EUR 190.31 (the “**Current Soft Call Price**”).

II. The Meeting proposes to the holders of Warrants 2014 to approve the new terms of the Warrants 2014 as follows:

- New Exercise Ratio

Each Warrant 2014 shall entitle its holder to acquire 1.59 existing Shares and/or subscribe to 1.59 new Shares at the prevailing Exercise Price (as defined in the Prospectuses) (the “**New Exercise Ratio**”). The New Exercise Ratio shall be subject to adjustments as described in section 4.2.2.4. of the Prospectuses.

- The redemption of the Warrants 2014 at the Company’s option:

The Meeting proposes to modify the Current Soft Call Price to EUR 161.03 (hereinafter referred to as the “**New Soft Call Price**”) and the date from which the Company may redeem the outstanding Warrants 2014, at its sole discretion, from June 30, 2009 until March 28, 2014 at a unit price of EUR 0.01 provided that the Parity Value (as defined in the Prospectuses) exceeds the New Soft Call Price.

\* \*

\*