



A public limited liability company (*société anonyme*) with an issued share capital of €145,203,164.60 and an authorised share capital of € 473,582,861.50

Registered Office: 42 rue de la Vallée, L-2661 Luxembourg
Luxembourg trade and companies register number B.44.996

SECURITIES NOTE AND SUMMARY DATED 28 AUGUST 2012

Offer and admission to trading of up to EUR 75,200,000 of New Notes to be issued on 4 October 2012.

Orco Property Group, a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”), having its registered office at 42 rue de la Vallée, L-2661 Luxembourg and registered with the Luxembourg companies and trade register under number B.44.996 (“**Orco**”, the “**Company**” or the “**Issuer**”, and together with its subsidiaries, the “**Group**”) will issue up to EUR 75,200,000 of bonds of the Company (the “**New Notes**”) in a voluntary exchange offer (the “**Exchange**”) for existing bonds issued by the Company and Orco Germany S.A., its subsidiary, on 4 October 2012 (hereinafter the “**Issue**”), as part of its bond restructuring, described below.

This document comprises a securities note (the “**Securities Note**”) and a summary (the “**Summary**”) dated 28 August 2012 relating to the New Notes. The registration document dated 18 July 2012 relating to the Issuer (the “**Registration Document**”) together with the Securities Note and the Summary constitute a prospectus (the “**Exchange Prospectus**”) for the purpose of article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading as amended (the “**Prospectus Directive**”) and article 8.3 of the Luxembourg act dated 10 July 2005 on prospectuses for securities as amended (the “**Prospectus Act 2005**”).

An application for approval of the Exchange Prospectus has been made to the Luxembourg competent authority, the *Commission de surveillance du secteur financier* (the “**CSSF**”), in its capacity as the competent authority in Luxembourg under the Prospectus Act 2005 and the Prospectus Directive.

THE CSSF ASSUMES NO RESPONSIBILITY AS TO THE ECONOMICAL AND FINANCIAL SOUNDNESS OF THE TRANSACTION AND THE QUALITY OR SOLVENCY OF THE ISSUER IN LINE WITH THE PROVISION OF ARTICLE 7 (7) OF THE PROSPECTUS ACT 2005. In submitting the Exchange Prospectus to the CSSF, the Company requests the CSSF to provide the French competent authority (the *Autorité des Marchés Financiers*, the “**AMF**”), the Belgian competent authority (the Financial Services and Markets Authority, the “**FSMA**”) and the British competent authority (the Financial Services Authority, the “**FSA**”) with a certificate of approval certifying that the Exchange Prospectus has been drawn up in accordance with the Prospectus Act 2005 and the Prospectus Directive. If necessary, the notification made by the CSSF to the aforementioned competent authorities shall be accompanied by the translation of the summary produced under the Company’s responsibility.

In accordance with article 16 of the Prospectus Act 2005, copies of the Securities Note, the Summary and the Registration Document will be available in printed form, free of charge, any weekdays (excluding public holidays) during normal business hours:

- at the registered office of the Company:
Orco Property Group S.A., 42 rue de la Vallée, L-2661 Luxembourg
Telephone number: 00 352 26 47 671
Email: luxembourg@orcogroup.com;
- at: Vinohrady SARL, 25, rue Balzac, 75 406 Paris Cedex 08, France
Telephone number: 00 33 1 40 67 67 00
Email: france@orcogroup.com;and
- at the registered office of the Exchange Agent, Paying Agent and Depository (as defined in this Exchange Prospectus):
BNP Paribas Securities Services, Luxembourg Branch
33, Rue de Gasperich, Hesperange L-5826, Luxembourg
Telephone number: 00 352 26 96 20 00
Email: lux_ost_domiciliees@bnpparibas.com

The documents can also be viewed on the Luxembourg Stock Exchange website (www.bourse.lu) and the Company’s website (www.orcogroup.com).

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SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and Warnings		
A.1	Introduction and Warnings	<p>This summary should be read as introduction to the Prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>

Section B – Issuer		
B.1	Legal and Commercial Name	Orco Property Group, or OPG (“ Orco ”, the “ Company ” or the “ Issuer ”)
B.2	Domicile/Legal Form/Legislation/Country of Incorporation	Orco Property Group is a public limited liability company (<i>société anonyme</i>) incorporated under the laws of Luxembourg, having its registered office at 42 rue de la Vallée, L-2661 Luxembourg.
B.3	Key Factors of Operation and Principal Activities	Orco Property Group is a real estate investor and developer established in Central and Eastern Europe since 1991, currently owning and managing assets of approximately EUR 1.6 billion. The Group has a strong local presence in its main markets, namely Prague, Berlin, Warsaw and Budapest, as well as offices in Bratislava, Moscow and Hvar (Croatia). Throughout its 20 years of existence, Orco Property Group invested close to EUR 2.5 billion, delivered 178 development projects, sold over 5000 flats, built & purchased over 128 properties, established partnerships with 33 banks and raised EUR 1 billion on the capital markets.
B.4a	Known Trends	The year 2011 was marked by the sovereign debt crisis and credit rating downgrades in the Eurozone. One of the outputs of the late 2011 crisis has been the tightening of bank financing likely to stir Europe in a mild recession in 2012. Whilst the resilience of the global economy and parts of Europe, notably Germany, should be sufficient to stave off a hard recession, the credit crunch is more serious in Central Europe where most financing banks are subsidiaries of Western institutions. A number of those institutions have decided to concentrate on their home markets and have been retreating from emerging Europe. This trend has however been mitigated by the European Central Bank long-term refinancing

		operations, which have played a chief role in boosting investor confidence.																																																																																
B.5	Description of Group	The Company is the parent company of a group of subsidiaries active in the real estate industry in Central and Eastern Europe. The term “ Group ” refers to the Company and all of its subsidiaries. The Group has two listed subsidiaries, Orco Germany listed in Frankfurt and Suncani Hvar listed in Zagreb.																																																																																
B.6	Notifiable Voting Rights	To the best of the Company’s knowledge, the following table sets out information regarding the ownership of the Company’s shares as of the date of the Summary:																																																																																
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	Different Voting Rights	Not Applicable; none of the shareholders have different voting rights.																																																																																
	Control	Not Applicable; the Company is not directly or indirectly owned or controlled.																																																																																
B.7	Selected Financial Information	The selected financial information below was extracted from the consolidated financial information of the Issuer as at 31 December 2009, 31 December 2010, 31 December 2011, 31 March 2011 and 31 March 2012, as well as financial information for 2009, 2010 and 2011 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“ IFRS ”):																																																																																
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		tax					
		Net result attributable to the Owners of the Company	2 834	-4 373	-53 257	233 411	-250 564
		Shareholders' equity	274 198	296 993	263 195	303 057	56 577
		Gross financial debt	1 172 137	1 176 847	1 159 255	1 236 656	1 600 477
		Cash and cash equivalent	35 060	48 236	37 095	53 439	57 040
		Total balance sheet	1 713 541	1 831 495	1 702 373	1 902 305	2 072 463
		<p>The following significant changes to the Company's financial condition and operating results occurred subsequent to the periods covered by the selected financial information above:</p> <ul style="list-style-type: none"> - The Company completed the sale of the Radio Free Europe building in Prague for USD 80 million in cash, USD 2 million in concessions, plus a USD 12 million note convertible into a 20% stake in the parent company of the entity acquiring the building. - The initiation of the Bubny Master Plan Change was passed unanimously by the Prague City Council on 22 May 2012, a major step in the process of obtaining a new master plan for the whole Bubny development area by the end of 2013. - The deleveraging of Orco Germany (a subsidiary of the Company) was executed with 85% of its bonds, or EUR 109 million, converted into convertible bonds (the "OCA") which were partially converted into 18,361,540 new shares of the Company in the first of two conversion steps. - The deleveraging of the Company is in progress. All bondholders general assemblies and the Company's shareholders approved the bond restructuring. On 21 May 2012, the Commercial Court of Paris approved the modification of the Safeguard plan following the proposed bond restructuring. The conversion of the Company's bonds and the second tranche of the OCA into shares and the issuance of new Company bonds will occur following approval of prospectuses by the CSSF. - Orco Germany's subsidiary GSG and its financing bank signed a standstill agreement until 15 June 2012, prolonged until 20 July 2012 and further prolonged until August 31, which defers the repayment obligation related to the remaining EUR 286 million financing for GSG portfolio after partial repayments in March, April and May 2012. Such extension together with OG deleverage will allow the Group to further advance in its refinancing process. 					
B.8	Pro Forma Financial Information	Not Applicable; there is no pro forma financial information.					
B.9	Profit Forecast	Not Applicable; no profit forecast or estimate is made.					
B.10	Audit Report Qualifications	Not Applicable; there are no qualifications in the audit report.					
B.17	Credit Ratings	Not Applicable; there are no credit ratings assigned to the Company or its debt securities.					

Section C – Securities

C.1	Description of Securities	Up to EUR 75,200,000 of bonds (the "New Notes") will be issued on 4 October 2012 (the "Issue Date"). The New Notes are debt securities with ISIN code: XS0820547742 and
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		common code: 082054774.
C.2	Currency	The New Notes are issued in euros in initial denominations of €10.
C.3	Number of Issued Shares and Par Value	The issued share capital of the Company is € 145,208,164.60, divided into 35,415,406 ordinary shares (the “ Shares ”). All of the Shares are fully paid. The accounting par value is € 4.10 per Share.
C.5	Restrictions on the Free Transferability of the New Notes	Not Applicable; there are no restrictions on the transfer of the New Notes.
C.7	Dividend Policy	Dividends are distributed by the Shareholders at the general meeting of the Shareholders as proposed by the Board of Directors by deduction from the distributable sums in accordance with applicable legal stipulations.
C.8	Rights Attached to the New Notes	The bondholders will be represented and the general meetings of bondholders will be organised in accordance with the provisions of articles 86 to 94-8 of the Companies Act 1915. The New Notes are subject to certain customary Events of Default. If the New Notes become due and payable following an Event of Default, the New Notes will be redeemable at their then current principal amount, together with accrued and unpaid interest.
	Ranking	The New Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Company ranking <i>pari passu</i> with all present and future unsecured and unsubordinated obligations of the Company, except for obligations being given priority by law.
C.9	Rights Attached to the New Notes	See Element C.8
	Interest and Maturity	<p>Cash interest will be paid semi-annually in arrears on February 28 and August 28 in each year, or the following business day if such day is not a business day (each a “Cash Interest Payment Date”). For each Cash Interest Payment Date, interest will accrue from the previous Cash Interest Payment Date to the current Cash Interest Payment Date (with the exception of the first Cash Interest Payment Date, for which interest will accrue from the Issue Date to 28 February 2013).</p> <p>PIK (payment in kind) interest will be paid annually in arrears on February 28 in each year, or the following business day if February 28 of such year is not a business day (each a “PIK Interest Payment Date”). For each PIK Interest Payment Date, interest will accrue from February 21 of the previous year to February 20 of the year of the PIK Interest Payment Date (with the exception of the first PIK Interest Payment Date, for which interest will accrue from the Issue Date to 20 February 2014).</p> <p>Cash and PIK interest will accrue on the principal amount of the New Notes outstanding, as adjusted by applicable Amortisation and Mandatory Prepayment on Asset Disposals, at a rate which will depend on the remaining principal amount of the New Notes outstanding, as indicated below:</p> <ul style="list-style-type: none"> – 5% cash interest per annum plus 5% PIK (payment in kind) interest per annum, as long as more than 75% of the principal amount of the New Notes issued on the Issue Date remains outstanding, or – 4% cash interest per annum plus 4% PIK (payment in kind) interest per annum, as long as more than 50% but no more than 75% of the principal amount of the New Notes issued on the Issue Date remains outstanding, or – 4% cash interest per annum plus 3% PIK (payment in kind) interest per annum, as long as no more than 50% of the principal amount of the New Notes issued on the Issue Date remains outstanding. <p>The Company may, at its option, elect to pay the PIK interest (1) as capitalized interest by increasing the principal amount of each New Note by an amount equal to the PIK interest, or (2) in cash in an amount equal to the PIK interest. In accordance with the provision of</p>

	<p>Amortisation</p> <p>The Company will partially repay the principal on the New Notes and the principal amount of each New Note will correspondingly be reduced according to the following schedule, subject to Mandatory Prepayment on Asset Disposals:</p> <ul style="list-style-type: none"> – On 28 February 2015, repayment of principal in an amount equal to 25% of the principal amount of the New Notes issued on the Issue Date (i.e. € 2.50 per New Note), – On 28 February 2016, repayment of principal in an amount equal to 25% of the principal amount of the New Notes issued on the Issue Date (i.e. € 2.50 per New Note), – On 28 February 2017, repayment of principal in an amount equal to 25% of the principal amount of the New Notes issued on the Issue Date (i.e. € 2.50 per New Note), and – On 28 February 2018 (the “Maturity Date”), repayment of the outstanding principal amount of the New Notes. <p>Mandatory Prepayment on Asset Disposals</p> <p>25% of the Net Proceeds from the sales of certain assets received from 30 June 2012 onwards until full repayment of the New Notes will be applied in prepayment of the New Notes. Such prepayment will correspondingly reduce the amortization payments described above, in chronological order from earlier payments to latest payments, and shall be paid within thirty (30) Business Days from receipt of the Net Proceeds by the Company but in any case no earlier than the Issue Date, to the extent any applicable payment amounts remain.</p> <p>Yield</p> <p>Assuming a subscription to a New Note at the Issue Price on 4 October 2012, interest and amortisation payments until the maturity date of the New Notes and redemption of the New Note at the maturity date, the gross yield to maturity rate would be approximately 9.6% (without taking into account any mandatory prepayments on Asset Disposals).</p> <p>Representative of the holder of the New Notes</p> <p>The first representative of the body of bondholders is Wilmington Trust (London) Limited, domiciled at 1 King's Arms Yard, London EC2R 7AF, United Kingdom.</p>	<p>article 1154 of the Luxembourg civil code, the Company will distribute a notice to holders of New Notes through the clearing systems informing them of such election prior to each Interest Payment Date. The PIK interest for the final PIK Interest Payment Date on 28 February 2018 will be paid in cash and will accrue from 21 February 2017 to 28 February 2018.</p>
C.10	<p>Rights Attached to the New Notes</p> <p>See Element C.9</p> <p>Derivative Component in Interest</p> <p>Not Applicable; there is no derivative component in the interest payments on the New Notes.</p>	
C.11	<p>Application for Admission to Trading</p> <p>Application has been made for the listing of the New Notes on the official list of the Luxembourg Stock Exchange and for the admission to trading of the New Notes on the regulated market of the Luxembourg Stock Exchange, which is a regulated market pursuant to Directive 2004/39/EC.</p>	

Section D – Risks

D.1	Key Risks Relating to the Issuer or its Industry	<p><i>Changes in the general economic and cyclical parameters, especially a continuation of the financial crisis, may negatively influence the Group's business activity</i></p> <p>The worldwide financial crisis negatively affected the Group's business model. This crisis may continue to affect the Group's actual and future profitability. The crisis has resulted in decreased liquidity and availability of credit, which may continue to weaken the Group's abilities to refinance its debts. Furthermore, the crisis negatively affects the sales prices and rents for real estate investments. Additionally, vacancies may increase due to low growth rates. The trend of the financial crisis and economic and financial conditions affecting certain countries in Europe in upcoming years is unpredictable, and further risks may occur for the Group's business model.</p> <p><i>The Group may be exposed to an oversupply in its key markets</i></p> <p>Although the Company believes that its focus on prime sites and projects means that there is and will continue to be demand for its developments, the supply of new office and residential projects has exceeded demand in a number of relevant jurisdictions. Due to the general worldwide financial crisis and the tightening of financial conditions, the oversupply of office and residential properties may lead to higher vacancies and to a stagnation or decline of renting yields. The oversupply affects the value of the Company's portfolio and its ability to sell or lease its completed projects at forecasted levels or at all and, therefore, may adversely affect the Company's business, financial condition, results of operations or prospects.</p> <p><i>Risk of insolvency or non-compliance of the Company's joint venture partners</i></p> <p>Some of the Group's developments are conducted through joint ventures in which the Group shares control over the project with a third party. There can be no assurance that these joint venture parties will continue their relationships with the Group in the future or that they will comply with all of the terms and conditions of the joint venture agreements. Furthermore, certain joint venture parties may have economic or business interests or goals that are inconsistent with those of the Group, take actions contrary to the Group's policies or objectives, experience financial and other difficulties, be unable or unwilling to fulfill their obligations under the joint venture agreements, any of which could negatively impact the Group's financial condition or results of operations.</p> <p><i>The Group's property valuations may not reflect the real value of its portfolio, and the valuation of its assets may fluctuate from one period to the next</i></p> <p>The Group's investment property portfolio is valued at least once a year by an independent appraiser, DTZ. The values determined by independent appraisers are based on numerous assumptions that may not prove correct, and also depend on trends in the relevant property markets. As an example, the assumption that the Company is a "going concern" i.e. that it is not a "distressed seller" whose valuation of the property assets may not reflect potential selling prices. In addition, the figures may vary substantially between valuations. A decline in valuation may have a significant adverse impact on the Group's financial condition and results, particularly because changes in property values are reflected in the Group's consolidated net profit.</p> <p><i>The Group is exposed to risks inherent in investments in development projects</i></p> <p>During the initial phases of development projects, the Group normally carries the costs of the project, both through injection of equity and by incurring liabilities, and begins to receive revenues only at a later point in time. Development projects sometimes face cost overruns and delays in completion, many of which are caused by factors that are not directly within the control of the developer. These types of risks, especially in relation to the quality and timeliness of performance by contractors, are inherent in property development.</p> <p>The Group may not obtain all required permits and consents or in a timely manner or for the entire contemplated area to be developed</p>
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D.3	Key Risks Relating to the New Notes	<p><i>A majority of the holders of the New Notes can make decisions at general meetings</i> The terms and conditions of the New Notes contain provisions that permit defined meeting majorities to bind all holders including holders who did not attend or voted contrary to the majority at the relevant meeting.</p> <p><i>The market for the New Notes is uncertain</i></p>

		<p>The New Notes will have no established trading market when issued, and one may never develop.</p> <p><i>The New Notes are complex financial instruments</i></p> <p>The New Notes are complex financial instruments and a potential investor should not invest in the New Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate them and their impact on the potential investor's overall investment portfolios under changing conditions.</p> <p><i>You are responsible for complying with the procedures of the Exchange</i></p> <p>Holders of OPG Bonds and/or OG Bonds are responsible for complying with all of the procedures for submitting an Exchange Instruction. Non-compliance with the applicable procedures by a holder could result in, among other things, an inability to validly offer OPG Bonds and/or OG Bonds for exchange.</p> <p>Exchange Instructions will be irrevocable from the Revocation Deadline (and Exchange Instructions submitted after the Revocation Deadline will be irrevocable from the time of their submission).</p> <p>Holders of OPG Bonds and/or OG Bonds will be deemed to make certain agreements, acknowledgements, representations, warranties and undertakings on submission of an Exchange Instruction. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.</p> <p><i>Legal and tax advice</i></p> <p>Potential investors are invited to consult their own advisors regarding the legal, tax, accounting and related aspects of investing in the New Notes. Each holder is solely responsible for making its own independent appraisal of all matters and each Holder must make its own decision as to whether to offer any or all of its OPG Bonds and/or OG Bonds for exchange pursuant to the Exchange.</p>
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Section E – Offer		
E.2b	<p>Reasons for Offer</p> <p>Use of Proceeds</p> <p>Net Amount of the Proceeds</p>	<p>The Issue constitutes the final step in the Company's bond restructuring.</p> <p>Not Applicable; there are no cash proceeds.</p> <p>Not Applicable; there are no cash proceeds. The subscription price of the Issue amounts to up to € 75,200,000, assuming 100% participation in the Exchange, corresponding to up to € 55,200,000 in the payments on the OPG Bonds under the Safeguard plan and up to € 20,000,000 in repayment amount for the OG Bonds (i.e., 100% principal amount plus 4% accrued interest plus 25% redemption premium).</p>
E.3	Terms and Conditions of the Offer	<p>Subject to the Exchange Restrictions, holders of OPG Bonds and OG Bonds (defined below) are eligible to participate in the Exchange and may exchange their remaining OPG Bonds and/or OG Bonds (after the mandatory equitizations) for New Notes. New Notes will be issued in exchange for OPG Bonds at a ratio of EUR 1 in principal amount of New Notes for EUR 1 in claim amount for the OPG Bonds under the Safeguard plan, subject to rounding. New Notes will be issued in exchange for OG Bonds at a ratio of EUR 1 in principal amount of New Notes for EUR 1 in repayment amount for the OG Bonds (100% principal amount plus 4 percent interest accrued as of 31 May 2012 plus 25 percent redemption premium), subject to rounding. OPG Bonds and OG Bonds that are not offered for exchange pursuant to the Exchange will remain outstanding and will entitle holders to payments according to their terms. The following bonds may be exchanged in the Exchange:</p>

		<p>(i) EUR 50,272,605.30 OBSAR 1 bonds issued by the Company on 18 November 2005, ISIN code FR0010249599 (the “2010 OPG Bonds”);</p> <p>(ii) CZK 1,400,000,000 (CZK 300,000,000 outstanding) Czech bonds issued by the Company on 3 February 2006, ISIN code CZ0000000195 (the “2011 OPG Bonds”);</p> <p>(iii) EUR 24,169,193.39 bonds exchangeable for Sunčani Hvar shares issued by the Company on 30 June 2005, ISIN code XS0223586420 (the “2012 OPG Bonds”);</p> <p>(iv) EUR 149,999,928 convertible bonds issued by the Company on 1 June 2006, ISIN code FR0010333302 (the “2013 OPG Bonds”); and</p> <p>(v) EUR 175,000,461.60 OBSAR 2 bonds issued by the Company on 28 March 2007, ISIN code XS0291838992 / XS0291840626, (the “2014 OPG Bonds”, and together with the 2010 OPG Bonds, the 2011 OPG Bonds, the 2012 OPG Bonds and the 2013 OPG Bonds, the “OPG Bonds”); and</p> <p>(vi) EUR 100,100,052 bonds issued by Orco Germany on 24 May 2007, ISIN code XS0302623953 (the “OG Bonds”).</p> <p>OPG Bonds and OG Bonds that are not offered for exchange pursuant to the Exchange will remain outstanding and will entitle holders to payments according to their terms.</p> <p>New Notes will be issued in exchange for OPG Bonds at a ratio of EUR 1 in principal amount of New Notes for EUR 1 in claim amount for the OPG Bonds under the Safeguard plan, subject to rounding. New Notes will be issued in exchange for OG Bonds at a ratio of EUR 1 in principal amount of New Notes for EUR 1 in repayment amount for the OG Bonds (100% principal amount <i>plus</i> 4 percent interest accrued as of 31 May 2012 <i>plus</i> 25 percent redemption premium), subject to rounding.</p> <p>In order to participate in the Exchange, holders must deliver a valid Exchange Instruction that is received by the relevant Depository and/or Exchange Agent before the Instruction Deadline. The Instruction Deadline is the final deadline for holders to participate in the Exchange. Instructions received by the Exchange Agent after the Instruction Deadline will not be accepted. Exchange Instructions may be revoked by holders at any time until the Revocation Deadline.</p> <p>By submitting an Exchange Instruction, a holder and any Direct Participant submitting such Exchange Instruction on such holder's behalf shall be deemed make certain representations to the Company and the Exchange Agent.</p> <p>Below is an estimated timetable for the timing of the Exchange based on the dates in this Exchange Prospectus. All times are in Central European Summer Time (CEST).</p> <table> <tr> <td>29 August 2012:</td> <td>Approval of the Exchange Prospectus by the CSSF</td> </tr> <tr> <td>30 August 2012:</td> <td>Notification of certificate of approval by the CSSF to the AMF, FSMA and FSA.</td> </tr> <tr> <td>6 September 2012:</td> <td>Commencement of the Exchange</td> </tr> <tr> <td>5pm, 24 September 2012:</td> <td>Revocation Deadline</td> </tr> <tr> <td>5pm, 27 September 2012:</td> <td>Instruction Deadline</td> </tr> <tr> <td>1 October 2012:</td> <td>Announcement of Exchange results</td> </tr> <tr> <td>4 October 2012:</td> <td>Issue Date / Listing on the official list and admission to trading on the regulated market of the Luxembourg Stock Exchange</td> </tr> </table>	29 August 2012:	Approval of the Exchange Prospectus by the CSSF	30 August 2012:	Notification of certificate of approval by the CSSF to the AMF, FSMA and FSA.	6 September 2012:	Commencement of the Exchange	5pm, 24 September 2012:	Revocation Deadline	5pm, 27 September 2012:	Instruction Deadline	1 October 2012:	Announcement of Exchange results	4 October 2012:	Issue Date / Listing on the official list and admission to trading on the regulated market of the Luxembourg Stock Exchange
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4 October 2012:	Issue Date / Listing on the official list and admission to trading on the regulated market of the Luxembourg Stock Exchange															
E.4	Interests Material to the Offer	Not Applicable; the Company is not aware of any interests material to the Issue which are held by persons involved in the Issue.														
E.7	Expenses Charged to Investors	Not Applicable; no expenses are charged to investors by the Company.														

SECURITIES NOTE

1. PERSONS RESPONSIBLE FOR THE SECURITIES NOTE

1.1 Persons responsible for the Securities Note

Mr. Nicolas Tommasini and Mr. Jean-François Ott, directors of Orco Property Group.

1.2 Persons responsible for the financial information

Mr. Nicolas Tommasini
Orco Property Group
42 rue de la Vallée, L-2661 Luxembourg
Tel: +352 26 47 67 47 / + 33 1 40 67 67 00
Fax: +352 26 47 67 67
Emails: ntommasini@orcogroup.com

1.3 Declaration by the persons responsible for the Securities Note

Having taken all reasonable care to ensure that such is the case, we hereby declare that the information contained in this Securities Note is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Executed in Luxembourg, 28 August 2012

Mr. Jean-François Ott
Director

Mr. Nicolas Tommasini
Director

2. RISK FACTORS

Before making any investment decision, prospective investors are invited to read the detailed information set out elsewhere in this Securities Note. This section presents the main risk factors but is not intended to be exhaustive and prospective investors are required to reach their own views prior to making any investment decision. Most of the factors set out below are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

2.1 Risks associated with the Issuer

The information concerning this section is supplied in the Registration Document approved by the CSSF (see in particular section 2.2 of the Registration Document).

2.2 Risks associated with the Issue and the New Notes

2.2.1 A majority of the holders of the New Notes can make decisions at general meetings

The terms and conditions of the New Notes contain provisions for calling meetings of the holders of the New Notes to consider matters affecting their interest. These provisions permit defined majorities to bind all holders including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.

2.2.2 The market for the New Notes is uncertain

Although application has been made to admit the New Notes to trading on the “*Bourse de Luxembourg*” (the European-regulated market of the Luxembourg Stock Exchange) and the New Notes have been accepted for clearing and settlement by Euroclear Bank and Clearstream, the New Notes will have no established trading market when issued, and one may never develop.

If a market does develop for the New Notes, it may not be very liquid. Therefore, investors may not be able to sell their New Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

2.2.3 The New Notes are complex financial instruments

The New Notes are complex financial instruments and such instruments may be used to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to an overall portfolio. A potential investor should not invest in the New Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how they will perform under changing conditions, the resulting effects on the value of such New Notes and the impact this investment will have on the potential investor’s overall investment portfolios.

2.2.4 Unsecured obligations

The New Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Company ranking *pari passu* with all present and future unsecured and unsubordinated obligations of the Company, except for obligations being given priority by law.

2.2.5 You are responsible for complying with the procedures of the Exchange

Holders of OPG Bonds and/or OG Bonds are responsible for complying with all of the procedures for submitting an Exchange Instruction. Neither the Company nor the Exchange Agent assumes any responsibility for informing any holder of OPG Bonds and/or OG Bonds of irregularities with respect to any Exchange Instruction. Non-compliance with the applicable procedures by a holder could result in, among other things, an inability to validly offer OPG Bonds and/or OG Bonds for exchange.

Exchange Instructions will be irrevocable from the Revocation Deadline (and Exchange Instructions submitted after the Revocation Deadline will be irrevocable from the time of their submission).

Holders of OPG Bonds and/or OG Bonds are referred to the offer and distribution restrictions in section 3.4 “*Exchange Restrictions*” and the agreements, acknowledgements, representations, warranties and undertakings in Section 5.3.5 “*Representations*”, which holders will be deemed to make on submission of an Exchange Instruction. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

2.2.6 You must seek your own legal, tax, accounting and financial advice

Potential investors are invited to consult their own advisors regarding the legal, tax, accounting, financial and related aspects of investing in the New Notes. Each holder is solely responsible for making its own independent appraisal of all matters and each Holder must make its own decision as to whether to offer any or all of its OPG Bonds and/or OG Bonds for exchange pursuant to the Exchange.

None of the Company, the Exchange Agent, or any representative, director, officer, employee, agent or affiliate of any such person, is acting for any holder, or will be responsible to any holder for providing any protections which would be afforded to its clients or for providing advice in relation to the Exchange.

2.2.7 Deduction at source

Under the laws of Luxembourg in force at the date of issue of the New Notes, payments of principal and interest in respect of the New Notes will not be subject to any withholding of or deduction for taxation at source in Luxembourg, with the possible exception of payments made to Luxembourg individuals and to individuals or residual entities within the meaning of article 4.2 the Savings Directive, resident or established in a EU Member State (other than Luxembourg) or in certain EU dependent territories.

All payments in respect of the New Notes by the Company will be made without withholding or deduction for taxation at source, unless such withholding or deduction is required to be made by law. In such event, the Company will not, save in circumstances provided in section 4.12, be required to pay additional amounts to cover the amounts so deducted.

3. ESSENTIAL INFORMATION

3.1 Recent developments

The GSG loan standstill agreement signed in April 2012 between GSG Asset GmbH & Co. Verwaltungs KG, a subsidiary of ORCO Germany S.A., and The Royal Bank of Scotland, was due to terminate on 20 July 2012, pursuant to an extension from the original termination date of 15 June 2012. The parties agreed to further prolong this standstill agreement until August 31st. GSG is currently seeking a further extension to the standstill agreement.

Pursuant to the joint restructuring agreement, on 9 May 2012 the Company issued EUR 109,118,365.20 of *Obligations Convertibles en Actions*, a Luxembourg convertible bond instrument (the “**Convertible Bonds**”, ISIN XS0741974009) in a mandatory exchange for EUR 84,587,880 principal amount (approximately 84.5%) of EUR 100,100,052 bonds due 30 May 2012 (the “**OG Bonds**”, ISIN XS0302623953) issued by Orco Germany, plus interest and redemption premium. A first payment to holders of the Convertible Bonds in an amount of EUR 75,992,539.25 was made on 14 May 2012 in the form of 18,361,540 Shares at a price of approximately EUR 4.14 per Share. These Shares were admitted to trading on NYSE Euronext in Paris on 27 July 2012 and on the Prague Stock Exchange on 3 August 2012, pursuant to a prospectus approved by the CSSF on 18 July 2012. The procedure for admission to trading of these Shares on the Warsaw Stock Exchange is pending. The second payment of 7,848,073 Shares to holders of the Convertible Bonds is expected to be made on 28 September 2012, subject to CSSF approval of a prospectus.

The Company is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), since the date of the Registration Document which may have, or have had in the recent past significant effects on the financial position or profitability of the Group.

There has been no significant change in the financial or trading position of the Group which has occurred since the date of the Registration Document.

3.2 Interest of persons involved in the Issue

The New Notes will be issued exclusively to holders of the OPG Bonds and the OG Bonds who choose to participate in the Exchange, as further described in section 5 (“Terms of the Exchange for the New Notes”) of this Securities Note. The Company is not aware of any interests material to the Issue which are held by persons involved in the Issue.

3.3 Use of proceeds

The Issue constitutes the final step in the Company’s bond restructuring. The aggregate proceeds of the Issue will amount to up to €75,200,000, corresponding to up to €55,200,000 in the payments on the OPG Bonds under the Safeguard plan and up to €20,000,000 in repayment amount for the OG Bonds (100% principal amount plus 4% accrued interest plus 25% redemption premium). As such, there are no net cash proceeds. The total expenses of the Issue, corresponding to the fees due to the Depositary, Paying Agent and Exchange Agent and to the sundry publishing and administrative costs, shall amount to approximately EUR 100,000.

3.4 Exchange Restrictions

No person is or has been authorised to give any information or make any representations other than those contained or incorporated in this Exchange Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorised by Orco. The delivery of this Exchange Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Group since the date of this document or that the information in or incorporated in this Exchange Prospectus is correct as of any subsequent time. None of Orco Property Group, Orco Germany or the Exchange Agent makes any recommendation as to whether or not holders should accept the Exchange.

This Exchange Prospectus does not constitute or form part of an offer to sell, or solicitation of an offer to subscribe for, New Notes to any person in the United States or in any jurisdiction in which such offer or solicitation is unlawful, in the absence of an applicable exemption. The Exchange constitutes an offer of securities to the public in Luxembourg, France, Belgium and the United Kingdom for the purposes of the EU

Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading (the “**Prospectus Directive**”). Outside of these countries, the Exchange is being made available only to “qualified investors” as defined in the Prospectus Directive as implemented in each country of the European Union.

The distribution of this Exchange Prospectus in certain jurisdictions may be restricted by law. Except as indicated above, no action has been or will be taken by the Issuer to permit a public offering of the New Notes or to permit the possession or distribution of this Exchange Prospectus in any jurisdiction where action for that purpose may be required. Holders of OPG Bonds or OG Bonds wishing to participate in the Exchange should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction and such an Exchange Instruction may be disregarded.

Each holder of OPG Bonds or OG Bonds participating in the Exchange will be deemed to give certain representations in respect of the jurisdictions referred to above and generally. Any offer of OPG Bonds or OG Bonds for exchange pursuant to the Exchange from a holder that is unable to make these representations will not be accepted. Each of Orco Property Group, Orco Germany and the Exchange Agent reserves the right, in its absolute discretion, to investigate, in relation to any offer of OPG Bonds or OG Bonds for exchange, whether any such representation given by a holder is correct and, if such investigation is undertaken and as a result Orco Property Group determines (for any reason) that such representation is not correct, such offer shall not be accepted.

The contents of this Exchange Prospectus should not be construed as legal, business or tax advice. Each prospective investor should consult his or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

4. INFORMATION CONCERNING THE NEW NOTES

Additional characteristics of the New Notes

Negative Pledge	The terms and conditions of the New Notes contain a negative pledge provision in respect of the Company relating to certain types of indebtedness, as more fully described in Section 4.5.2 (Negative Pledge).
Limitation on Indebtedness	The terms of the New Notes place limitations on the Company's ability and the ability of its subsidiaries to incur additional indebtedness, as described in Section 4.5.3.
Early Redemption at the Option of the Issuer	The Company may redeem the New Notes at their 100% of their current outstanding principal amount (together with accrued and unpaid interest) as further described in paragraph 4.8.1.2.
Early Redemption at the Option of the Holders of the New Notes upon a Change of Control	Upon the occurrence of certain change of control events, each holder of the New Notes will have the right to require the Company to redeem its respective New Notes at their outstanding principal amount (together with accrued and unpaid interest) as further described in paragraph 4.8.1.4.

4.1. Description of the New Notes – Type and category of the New Notes

Application has been made for the listing of the New Notes on the official list of the Luxembourg Stock Exchange and for the admission to trading of the New Notes on the regulated market of the Luxembourg Stock Exchange, which is a regulated market pursuant to Directive 2004/39/EC. The New Notes will be issued on the Issue Date. Their anticipated listing date is 4 October 2012. The New Notes are debt securities with ISIN code: XS0820547742 and common code: 082054774.

The 2010 OPG Bonds and the 2013 OPG Bonds are admitted to trading on NYSE Euronext Paris, the 2011 OPG Bonds are admitted to trading on the Prague Stock Exchange, the 2012 OPG Bonds are admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the 2014 OPG Bonds are admitted to trading on NYSE Euronext Brussels. (The 2010, 2011, 2012, 2013 and 2014 OPG Bonds are defined in section 5.1.)

4.2 Jurisdiction and applicable law

4.2.1 Applicable law

The form and content of the New Notes and all of the rights and obligations of the holders of the New Notes and the Issuer under the New Notes shall be governed in all respects by the laws of the Grand Duchy of Luxembourg.

4.2.2 Competent courts

The competent courts in the event of disputes for any action or other legal proceedings arising out of or in connection with the New Notes shall be the ones under whose jurisdiction the registered office of the Company falls without prejudice to the latter's right to take action before any other competent court under Luxembourg law.

4.3 Form and method of delivery of the New Notes

The New Notes are to be held in book-entry form in accounts opened with one or more financial intermediaries through Euroclear Bank S.A./N.V. 1, Boulevard du Roi Albert II, B - 1210 Brussels, Belgium, as operator of the Euroclear System ("**Euroclear**") or Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg

Luxembourg. The New Notes are initially represented by a global certificate (the "**Global Certificate**") which will be deposited with a common depository acting in the name and on behalf of Euroclear or Clearstream, Luxembourg. Such common depository will be registered in the register held by the Company (the "**Register**") at its registered office in accordance with article 84 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the "**Companies Act 1915**"). The New Notes are issued in registered form only and may, under no circumstances, be converted into New Notes in bearer form.

Euroclear and Clearstream, Luxembourg, as clearing systems, settle transactions through electronic book-entry changes in the accounts of their respective participants, or financial intermediaries. Each of these clearing systems thereby ensures that, ultimately, sellers receive cash when delivering New Notes and that buyers

receive corresponding New Notes when making payment into the systems, which eliminates the need for physical delivery of New Notes. Non-participants of such system may transfer New Notes in book-entry form through an account held either directly or through one or more participants or sub-participants of Euroclear or Clearstream, Luxembourg, respectively.

The persons shown in the records of Euroclear or Clearstream, Luxembourg as the holders of the New Notes (each an “**Accountholder**”) will, in principle, not have the New Notes registered in their respective names and will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the New Notes and will not be considered registered owners or holders thereof. Trades in the New Notes by Accountholders will not result in any change in the holder of the Global Certificate.

Notwithstanding the foregoing, the ownership of the New Notes in registered form will be established in accordance with article 40 of the Companies Act 1915 by an entry in the Register maintained at the registered office of the Issuer. In case of any discrepancy between the Register and any other register, if any, the Register shall prevail.

The settlement delivery transactions in relation to the New Notes shall be handled in the Euroclear or Clearstream, Luxembourg systems, under ISIN code: XS0820547742 and common code: 082054774.

4.4 Issue currency, Denomination and Issue Price.

The New Notes will be issued in euros. Each New Note is issued in a denomination of € 10. The issue price of the New Notes (the “**Issue Price**”) is 100% of their principal amount (€ 10 per New Note).

4.5 Status, Negative Pledge and Limitation on Indebtedness

The service of the New Notes in interest, redemption, taxes, fees and ancillary expenses is not covered by any specific form of guarantee.

4.5.1 Status

The New Notes constitute unsecured and unsubordinated obligations of the Company. The New Notes are direct and unconditional obligations of the Company and will not be the obligations of, or be guaranteed by, any other person or entity. The New Notes rank *pari passu* without any preference among themselves for all purposes, with all other existing and future unsecured, unsubordinated and unconditional obligations of the Company but, in the event of insolvency (including bankruptcy and voluntary or judicial liquidation), only to the extent permitted by applicable laws relating to creditors’ rights.

4.5.2 Negative pledge

Until the actual redemption of all the New Notes, the Company undertakes not to grant any mortgage (*hypothèque*) over the real property assets and rights it may or may come to possess, nor any pledge over all or part of the assets or revenues it may or may come to possess, in each case for the benefit of holders of other bonds issued by the Company without granting similar security to the holders of the New Notes and ensuring that the New Notes rank similarly. This undertaking is given exclusively in relation to bond indebtedness and does not affect in any way the right of the Company to dispose of its assets or to grant any security in respect of such assets in any other circumstances. Furthermore, this undertaking is given exclusively in relation to the Company, and does not apply to any indebtedness of its subsidiaries.

4.5.3 Limitation on Indebtedness

a) Limitation on Indebtedness of the Company:

The Company will not incur any additional Indebtedness in excess of an aggregate principal amount of €5 million outstanding at any one time.

The limitation of this paragraph 4.5.3(a) will not apply to:

- (1) Existing Indebtedness of the Company;
- (2) the incurrence by the Company of Indebtedness represented by the New Notes issued on the Issue Date and any cash and PIK (payment in kind) interest with respect to the New Notes;

- (3) the incurrence by the Company of Indebtedness which serves to refund or refinance any Existing Indebtedness or Indebtedness of the Company incurred as permitted under this section 4.5.3(a) or any Indebtedness of the Company incurred to so refund or refinance such Indebtedness including additional Indebtedness incurred to pay premiums and fees in connection therewith prior to its respective maturity;
- (4) Obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Company in the ordinary course of business;
- (5) Guarantees issued by the Company in the ordinary course of business; or
- (6) Indebtedness of the Company to a Subsidiary; provided that any subsequent transfer of any such Indebtedness (except to another Subsidiary) shall be deemed, in each case to be an incurrence of such Indebtedness;

b) Limitation on Indebtedness of Orco Germany S.A.:

The Company will not permit Orco Germany S.A. to incur any additional Indebtedness in excess of an aggregate principal amount of €5 million outstanding at any one time.

The limitation of this paragraph 4.5.3(b) will not apply to:

- (1) Existing Indebtedness of the Orco Germany S.A.;
- (2) the incurrence by Orco Germany S.A. of Indebtedness which serves to refund or refinance any Existing Indebtedness or Indebtedness of Orco Germany S.A. incurred as permitted under this section 4.5.3(b) or any Indebtedness of Orco Germany S.A. incurred to so refund or refinance such Indebtedness including additional Indebtedness incurred to pay premiums and fees in connection therewith prior to its respective maturity;
- (3) Obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by Orco Germany S.A. in the ordinary course of business;
- (4) Guarantees issued by Orco Germany S.A. in the ordinary course of business; or
- (5) Indebtedness of Orco Germany S.A. to the Company or a Subsidiary; provided that any subsequent transfer of any such Indebtedness (except to the Company or another Subsidiary) shall be deemed, in each case to be an incurrence of such Indebtedness;

For purposes of determining any particular amount of Indebtedness under paragraphs 4.5.3(a) and 4.5.3(b):

- (i) obligations with respect to letters of credit, guarantees or liens, in each case supporting Indebtedness otherwise included in the determination of such particular amount will not be included;
- (ii) accrual of interest (including payment in kind interest), accrual of dividends, the accretion of accreted value, the obligation to pay commitment fees and the payment of interest in the form of additional Indebtedness (including payment in kind interest) will not be treated as Indebtedness.

c) Limitation on Indebtedness of Subsidiaries:

The Company will not permit any Subsidiary (other than Orco Germany S.A., subject to the limitations provided in paragraph 4.5.3(b)) to incur any Indebtedness; provided, however, that the Company's Subsidiaries may incur Indebtedness, if the group's "**Loan To Value Ratio**" calculated as shown in the consolidated financial statements of the Company would be less than or equal to 65% after giving pro forma effect to such incurred Indebtedness.

The foregoing limitations of this paragraph 4.5.3 (c) will not apply to the incurrence by any Subsidiary of Indebtedness which serves to refund or refinance any Existing Indebtedness or any Indebtedness incurred as permitted under this paragraph 4.5.3(c) or any Indebtedness incurred to so refund or refinance such

Indebtedness including additional Indebtedness incurred to pay premiums and fees in connection therewith prior to its respective maturity.

Notwithstanding any other provision of this Section 4.5.3, the maximum amount that the Company or a Subsidiary may incur pursuant to this Section 4.5.3 shall not be deemed to be exceeded, with respect to outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies.

For the purposes of this Section 4.5.3, the following definitions apply:

“Indebtedness” means, with respect to any Person, any indebtedness (including principal and premium) of such Person in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or guarantees or letters of credit or bankers’ acceptances.

“Existing Indebtedness” means Indebtedness of the Company or the Subsidiaries in existence on the Issue Date, plus interest accruing thereon.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

“Subsidiary” means with respect to any Person,

- (1) all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity; and
- (2) any partnership, joint venture, limited liability company or similar entity over which the Group has the power or shares the power to govern the financial and operating policies and of which:
 - (a) more than 20% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, or
 - (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

4.6 Rights and restrictions attached to the New Notes

The New Notes shall bear interest from and including the Issue Date (as defined in section 4.10), payable in arrears in accordance with the provisions of Section 4.7 *“Nominal interest rate and provisions relating to interest payment”* and are redeemable on 28 February 2018 at the then current principal amount plus accrued and unpaid interest in accordance with the provisions of Section 4.8.1.1 *“Redemption of the New Notes at maturity”*.

4.7 Nominal interest rate and provisions relating to interest payment

4.7.1 Interest Payment Dates

Cash interest will be paid semi-annually in arrears on February 28 and August 28 in each year, or the following business day if such day is not a business day (each a **“Cash Interest Payment Date”**). For each Cash Interest Payment Date, interest will accrue from the previous Cash Interest Payment Date to the current Cash Interest Payment Date (with the exception of the first Cash Interest Payment Date, for which interest will accrue from the Issue Date to 28 February 2013).

PIK (payment in kind) interest will be paid annually in arrears on February 28 in each year, or the following Business Day if February 28 of such year is not a Business Day (each a **“PIK Interest Payment Date”**). For each PIK Interest Payment Date, interest will accrue from February 21 of the previous year to February 20 of the year of the PIK Interest Payment Date (with the exception of the first PIK Interest Payment Date, for which interest will accrue from the Issue Date to 20 February 2014). Interest will accrue on the principal

amount of the New Notes at a rate which will depend on the remaining principal amount of the New Notes outstanding, as indicated below:

5% cash interest per annum plus 5% PIK (payment in kind) interest per annum, as long as more than 75% of the principal amount of the New Notes issued on the Issue Date remains outstanding, or

4% cash interest per annum plus 4% PIK (payment in kind) interest per annum, as long as more than 50% but no more than 75% of the principal amount of the New Notes issued on the Issue Date remains outstanding, or

4% cash interest per annum plus 3% PIK (payment in kind) interest per annum, as long as no more than 50% of the principal amount of the New Notes issued on the Issue Date remains outstanding.

The Company may, at its option, elect to pay the PIK interest (1) as capitalized interest by increasing the principal amount of each New Note by an amount equal to the PIK interest, or (2) in cash in an amount equal to the PIK interest. In accordance with the provision of article 1154 of the Luxembourg civil code, the Company will distribute a notice to holders of New Notes through the clearing systems informing them of such election at least five Business Days prior to each Interest Payment Date. The PIK interest for the final Interest Payment Date on 28 February 2018 will be paid in cash and will accrue from 21 February 2017 to 28 February 2018. A notice will also be published in a national Luxembourg daily newspaper (the *Tageblatt*) and by a publication on the website of the Luxembourg Stock Exchange (www.bourse.lu).

A “**Business Day**” means any day (other than a Saturday or Sunday) on which banks are open for general business in Luxembourg and on which the Trans-European Automated Real-time Gross settlement Express Transfer system (“**TARGET**”) or any other successor system operates. If interest is required to be calculated for a period of less than one year, it shall be calculated using the 30/365 day count convention.

4.7.2 Interest Payments

(i) Interest shall cease to accrue on each New Note from the date set for its normal or early redemption unless the principal sum is not paid. In case principal is not paid on the applicable due date, the New Notes shall continue to bear cash and PIK interest at the applicable interest rates from and including such applicable due date until the date on which such principal is paid.

(ii) The Paying Agent shall calculate the amount of cash and PIK interest payable in respect of each New Note for the respective interest period (the “**Interest Amount**”) and shall notify this amount as well as the Cash and/or PIK Interest Payment Date, as applicable, to the Company and to the Luxembourg Stock Exchange no later than the tenth Business Day of the relevant interest period. BNP Paribas Securities Services, Luxembourg Branch has been appointed as the Paying Agent (also assuming the role of calculation agent).

All notifications, announcements, stipulations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this paragraph by the Paying Agent will (in the absence of gross negligence or wilful misconduct) be binding on the Company and the holders of the New Notes and (in the absence of gross negligence or wilful misconduct) no liability shall be borne by the Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this paragraph.

Claims against the Issuer in respect of interest shall be prescribed and become void, unless made within a period of 5 (five) years from the due date for payment thereof.

4.7.3 Amortisation Payments

The Company will partially repay the principal on the New Notes and the principal amount of each New Note will correspondingly be reduced according to the following schedule, subject to Mandatory Prepayment on Asset Disposals:

On 28 February 2015, repayment of principal in an amount equal to 25% of the principal amount of the New Notes issued on the Issue Date (i.e. € 2.50 per New Note)

On 28 February 2016, repayment of principal in an amount equal to 25% of the principal amount of the New Notes issued on the Issue Date (i.e. € 2.50 per New Note)

On 28 February 2017, repayment of principal in an amount equal to 25% of the principal amount of the New Notes issued on the Issue Date (i.e. € 2.50 per New Note) and

On 28 February 2018 (the “**Maturity Date**”), repayment of the outstanding principal amount of the New Notes.

4.7.4 Mandatory Prepayment on Asset Disposals

25% of the Net Proceeds from the sales of certain Asset Disposals (as defined below) received from 30 June 2012 onwards will be applied in prepayment of the New Notes. Such prepayment will correspondingly reduce the amortization payments described in Section 4.7.3 above, in chronological order from earlier payments to latest payments, and shall be paid within thirty (30) Business Days from receipt of the Net Proceeds by the Company but in any case no earlier than the Issue Date, to the extent any applicable prepayment amounts remain.

“**Net Proceeds**” means the aggregate gross cash proceeds received by the Company or any of its subsidiaries in respect of any Asset Disposals, less (a) liabilities becoming due at disposal including bank cash sweeps, (b) direct expenses relating to such Asset Disposal, including legal, accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, and (c) taxes paid or payable as a result thereof and any deduction of appropriate amounts to be provided by the Company as a reserve in accordance with IFRS against any liabilities associated with the asset disposed of in such transaction and retained by the Company after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

“**Asset Disposal**” means the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of any of the following properties:

- Fillion Shopping Center;
- Radio Free Europe;
- Vaci 1;
- CEE hotels (including Pachtuv Palace);
- Na Porici;
- Hradcaska;
- Diana Office;
- Capellen;
- Stribro;
- Marki;
- Vaci 188;
- Paris Department Store;
- Zlota (only upon completion of project development);
- Molcom (only in relation to any part of the deferred payment amount in excess of EUR 20 million and any earn-out component); and
- Sky Office (only to the extent such proceeds are not applied to the GSG refinancing).

The Company confirms that all Net Proceeds from the sale of the Radio Free Europe building have been received by the Company prior to 30 June 2012. As a consequence, no prepayment of the New Notes will be made in relation to the sale of Radio Free Europe building pursuant to this Section 4.7.4 “*Mandatory Prepayment on Asset Disposals*”.

4.8 Maturity date and terms of redemption of the New Notes

4.8.1 Redemption and repurchase of the New Notes

4.8.1.1 Redemption of the New Notes at maturity

Unless previously redeemed, repurchased or cancelled, the New Notes will be redeemed in full on 28 February 2018 (or the next Business Day thereafter if this date is not a Business Day) at the Redemption Amount, that is 100 percent of their then current principal amount plus accrued and unpaid interest, as reduced by the amortisation payments described above in Section 4.7.3 and any applicable mandatory prepayments on Asset Disposals described above in Section 4.7.4.

Claims against the Company in respect of principal of the New Notes shall be prescribed and become void, unless made within a period of 10 (ten) years from the due date for payment thereof.

4.8.1.2 Early Redemption at the option of the Company

On giving not less than 30 nor more than 60 days' notice to holders (which notice shall be irrevocable), the Company may redeem the New Notes at any time (i) in whole at their then current principal amount, as reduced by the amortisation payments described above in Section 4.7.3 and any applicable mandatory prepayments on Asset Disposals described above in Section 4.7.4 (together with interest accrued but unpaid to the date fixed for redemption) or (ii) in part for a minimum global amount of EUR one (1) million applicable to the early redemption of all the New Notes *pro rata*.

4.8.1.3 Repurchase or public offers by the Company

The Company may decide to repurchase the New Notes at any time before maturity, without any limitation on price or quantity, by repurchasing them in arm's length transactions either on the Luxembourg Stock Exchange or other stock exchange on which the New Notes may be listed or off-exchange, or by repurchase or exchange public offers. New Notes repurchased by the Company will not be entitled to the mandatory prepayments on Asset Disposals described above in Section 4.7.4 and the Company will not be entitled to the right to vote with respect to any such repurchased New Notes.

4.8.1.4 Early Redemption at the option of the holders of the New Notes upon a Change of Control

Following the occurrence of a Change of Control, the holder of each New Note will have the right to require the Company to redeem that New Note on the Change of Control Put Date (as defined below) at an amount equal to its then current principal amount, as reduced by the amortisation payments described above in Section 4.7.3 and any applicable mandatory prepayments on Asset Disposals described above in Section 4.7.4 (together with accrued and unpaid interest).

To exercise such right, a holder of New Notes must deliver a duly completed and signed notice of exercise, in the form obtainable from the specified office of the Paying Agent, (a "**Change of Control Put Exercise Notice**") by 60 days following the date upon which notice of a Change of Control Redemption Event is given to holders of the New Notes by the Paying Agent at the specified office of the Paying Agent. The "**Change of Control Put Date**" in respect of any such New Note shall be the fourteenth day after the delivery of such New Note with the Change of Control Put Exercise Notice as provided above. A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Company shall redeem each New Note subject of a Change of Control Put Exercise Notice delivered as aforesaid on the Change of Control Put Date in respect of each such New Note. Payment in respect of any such New Note shall be made by transfer to a euro denominated account maintained with a bank in a city in which banks have access to the TARGET system in accordance with instructions given by the relevant holder in the relevant Change of Control Put Exercise Notice. The Company shall give notice to the representative of the body of holders of the New Notes by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the New Notes pursuant to this Clause 4.8.1.4.

For the purpose of this Clause 4.8.1.4:

A “**Change of Control**” shall occur if:

- (a) any person or persons, acting together, acquires Control of the Company; or
- (b) the Company consolidates with or merges into or sells or transfers all or at least 50% (within a period of time of less than one calendar month) of the Company’s assets to any other person or persons, acting together.

However, a Change of Control shall not be deemed to occur:

- if (a) or (b) above is the result of any concomitant or consecutive acquisitions of shares or assets by one or several parties to the joint restructuring agreement dated 17 April 2012, or any entities controlling or controlled by such parties; or
- for so long as the Company is issued an investment grade rating by at least two of Standard & Poor’s, Moody’s Investor Service and Fitch Ratings.

“**Control**” means in relation to any entity, (a) the acquisition or control of more than 50 percent of the voting rights of that entity or (b) the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise, and “controlled” and “controlling” shall be construed accordingly.

4.8.1.5 Notification relating to early redemption, redemption or repurchase at maturity of the New Notes

Information relating to the number of New Notes cancelled or repurchased and to the number of New Notes still outstanding will be provided yearly to the Luxembourg Stock Exchange for public information and may be obtained on request from the Company or from the Paying Agent.

The Company’s decision to redeem all New Notes early shall be published in advance at least 30 days before the redemption date (the “**Early Redemption Date**”) in a financial announcement published in a national Luxembourg daily newspaper (the *Tageblatt*) and by a publication on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). This announcement shall give all the necessary indications and shall inform the holders of the date set for redemption.

4.8.1.6 Cancellation of the New Notes

New Notes redeemed on their maturity date or on the Early Redemption Date or pursuant to a Change of Control Put Exercise Notice or repurchased by the Company will be cancelled within 30 days of redemption or repurchase and may accordingly not be reissued or resold and the obligations of the Company in respect of any such New Notes shall be discharged.

4.8.2 Early repayment of the New Notes upon an Event of Default

The representative of the body of holders of the New Notes may, if so decided by the general meeting of the bondholders, ruling by majority decision, by notification sent to the Company with a copy to the Paying Agent declare all the New Notes due and repayable at an amount equal to their then current principal amount, as reduced by the amortisation payments described above in Section 4.7.3 and any applicable mandatory prepayments on Asset Disposals described above in Section 4.7.4 (together with accrued and unpaid interest) if any of the following events (each an “**Event of Default**”) shall have occurred:

(a) default is made for more than five Business Days in the payment on the due date of principal or interest or any other amount in respect of any of the New Notes; or

(b) the Company does not perform or comply with any one or more of its other obligations in respect of the New Notes, which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after the Company receiving from the representative of the body of holders of the New Notes written notice of such default; or

(c) the Company is or is deemed by law or a court to be insolvent or bankrupt (including without limitation, bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire or judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*) or under any equivalent proceedings applicable in the country having jurisdiction (such as in France, *procédure de sauvegarde, redressement judiciaire or liquidation judiciaire*) or fraudulent conveyance (*actio pauliana*)) or is unable to pay its debts, stops or suspends payment of all or a material part of (or of a particular type of) its debts or is in *cessation des paiements*; or

(d) an order is made or an effective resolution passed for the winding-up or dissolution of the Company or the Company ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the representative of the body of holders of the New Notes.

By way of exception to the above:

- i. the New Notes shall not be due if the Company remedies the situation no later than the day preceding the general meeting of the holders of the New Notes; and
- ii. the Safeguard plan of the Company as it currently stands and as it may be modified by the Commercial Court of Paris in the future (provided any such modification does not amend the terms of the New Notes), and its implementation and performance shall not be deemed an Event of Default.

4.8.3 Term and average duration

The term of the New Notes as at the Issue Date will be five years and approximately five months.

4.8.4 Gross yield to maturity rate

Assuming a subscription to a New Note at the Issue Price on 1 September 2012, and assuming interest and amortisation payments until the maturity date of the New Notes and redemption of the New Note at the maturity date, the gross yield to maturity rate would be approximately 9.6% (without taking into account any mandatory prepayments on Asset Disposals), calculated based on the interest payments, scheduled repayments and changes in principal amount as shown for illustrative purposes only in the table below (amounts in euro).

Example interest table for illustrative purposes only

	4 October 2012	28 February 2013	28 February 2014	28 February 2015	28 February 2016	28 February 2017	28 February 2018
Principal amount per New Note	10	10	10.7084	8.7438	6.6810	4.4482	0
Principal amount outstanding	75,200,000	75,200,000	80,526,887	65,753,232	50,240,893	33,450,529	0
Applicable Cash interest rate		5%	5%	5%	5%	4%	4%
Applicable PIK interest rate		5%	5%	5%	5%	4%	3%
Cash interest		1,514,301	1,880,000 (same payment August 2013)	2,013,172 (same payment August 2014)	1,643,831 (same payment August 2015)	1,004,818 (same payment August 2016)	669,011 (same payment August 2017)
PIK interest		0	5,326,887	4,026,344	3,287,662	2,009,636	1,003,516 (paid as cash)
Repayment		0	0	18,800,000	18,800,000	18,800,000	34,454,045
Scheduled amortisation		0%	0%	25%	25%	25%	Remaining outstanding amount

4.8.5 Representation of the bondholders

The bondholders will be represented and the general meetings of bondholders will be organised in accordance with the provisions of articles 86 to 94-8 of the Companies Act 1915.

A summary of the rules concerning the representation of and the body (*masse*) of the bondholders in force as at the date of issue is set out below.

The bondholders together form a body, created *inter alia* for the purposes of representation of the common interest of the bondholders in accordance with the provisions of articles 86 to 94-8 of the Companies Act 1915. The general meeting of the bondholders (during the term of the loan) or the Company (at the time of the Issue) may appoint one or several representatives of the body of bondholders and determine their powers.

When the representative(s) have been appointed, the bondholders will no longer be able to exercise individually the rights attached to their New Notes against the Company.

A meeting of the bondholders may be convened at any time by the representative(s) or by the Board of Directors. The representatives provided they have received an advance on their expenses, or the Board of Directors must convene a meeting of the body of bondholders if bondholders representing 5 percent or more of the total amount of outstanding New Notes so request. The meetings of the bondholders will be held at the venue specified in the convening notice.

Every bondholder will have the right to attend and vote at meetings of the bondholders in person or by proxy, except that, if the Company itself holds New Notes, the Company is not entitled to exercise the voting rights attached to these New Notes. Evidence of title of a person to one or several New Notes will be established in accordance with the rules and procedures of the depositary with which the New Notes are held. The voting rights attached to the New Notes are proportional to the portion of the issue they represent, each New Note carrying at least one vote.

A meeting of the bondholders may be convened (i) in the event of a merger involving the Company, (ii) in order to approve certain changes to the bondholders' rights and (iii) generally, in order to determine any measure aimed at defending the bondholders' interests or to ensure the exercise by the bondholders of their rights in accordance with the provisions of the Companies Act 1915.

A meeting of the bondholders may validly decide, without any quorum requirements and by a simple majority of the votes cast by the bondholders present or represented at the meeting, upon the appointment and removal of representatives, the removal of special representatives nominated by the Issuer and the approval of any protective measure taken in the general interests of the bondholders.

In respect of any other decision the meeting of the bondholders may validly decide upon a first convening only if the bondholders present or represented hold at least 50 percent of the total amount of the New Notes outstanding at that time. No quorum is required at a reconvened meeting. The decisions at such meetings will be passed by a majority consisting of not less than two-thirds of the votes cast by bondholders present or represented.

Each bondholder shall have the right, during the 15 days prior to the general meeting of the bondholders as a body to consult or take copies, or cause an agent to do so on its behalf, of the text of the proposed resolutions and the reports to be presented to the meeting, at the registered office of the Company, and at the offices of the Paying Agent in Luxembourg and, as the case may be, at any other place specified in the convening notice.

The first representative of the body of bondholders is Wilmington Trust (London) Limited, domiciled at 1 King's Arms Yard, London EC2R 7AF, United Kingdom.

Wilmington Trust (London) Limited shall perform the functions of representative until resignation or dismissal by the general meeting of bondholders or the occurrence of an incompatibility. The representative's term of office shall automatically cease on the last date of amortisation or general redemption, early redemption or otherwise, of the New Notes.

The remuneration of the representative of the body of bondholders shall be paid by the Company (as provided by article 91 of the Companies Act 1915); it shall be payable in advance on 31 December of each year from 2012 to 2017 inclusive for as long as there are New Notes in circulation at this date and a representative of the body of bondholders has been appointed.

The Company shall be responsible for paying for the costs of convening and holding the general meetings of bondholders, of announcing their decisions as well as costs connected with any appointment of the representative of the body (as provided by article 91 of the Companies Act 1915), all administrative and operational expenses of the body of bondholders as well as the costs of this body's meeting.

In the event of the convening of a meeting of bondholders, the bondholders shall meet at the registered office of the Company or any other place set in the convening notice to attend the meeting. The notice to attend the meeting shall be issued in accordance with the law of 24 May 2011 on the exercise of certain rights of shareholders in general meeting of listed companies.

4.9 Resolutions and authorisations by virtue of which the New Notes will be issued

4.9.1 Decision of the Board of Directors

In its meeting on 16 July 2012, the Board of Directors voted in favour of issuing the New Notes and has granted powers to authorized representatives to effectively issue the New Notes on behalf of the Company on the Issue Date.

4.10 Issue date of the New Notes

It is expected that the New Notes will be issued on 4 October 2012 (the “**Issue Date**”).

4.11 Restriction on the free trading of the New Notes

There are no restrictions on the transfer of the New Notes.

4.12 Taxation

Gross Up

All payments in respect of the New Notes will be made by the Company without withholding or deduction for taxation at source unless the withholding or deduction is required to be made by law. In such event, the Company will pay to the bondholders such additional amounts as shall be necessary in order that the net amounts received by the bondholders after withholding or deduction made under French or Luxembourg law shall equal the amounts which would otherwise have been receivable in respect of the New Notes, in the absence of such withholding or deduction.

As Luxembourg laws and tax practices currently stand, no withholding taxes are paid in Luxembourg on any payments in respect of the New Notes, with the possible exception of payments made to Luxembourg individuals and to individuals or residual entities within the meaning of article 4.2 of the European Council Directive 2003/48/EC on the taxation of savings income, resident or established in a EU Member State (other than Luxembourg) or in certain EU dependent territories.

EU Savings Directive

On 3 June 2003, the Council of the European Union adopted Council Directive 2003/48/EC regarding the taxation of savings income (the “**EU Savings Directive**”). The EU Savings Directive entered into force on 1 July 2005.

Under the EU Savings Directive, Member States are since 1 July 2005 required to provide to the tax authorities of other Member States or the tax authorities of the Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands (the “**Dependent and Associated Territories**”, and each a “**Dependent and Associated Territory**”) details of payments of interest and other similar income paid by a paying agent (within the meaning of the EU Savings Directive) to (or under certain circumstances, to the benefit of) an individual resident in another Member State or resident in a Dependant and Associated Territory (the “**Disclosure of Information Method**”), except that Austria and Luxembourg are instead required (unless they elect otherwise) to impose a source tax at a rate of 35% (hereinafter the “**Source Tax**”) for a transitional period, unless the beneficiary of the interest payments elects for the exchange of information. The ending of such transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries.

If a payment were to be made or collected through a Member State which has opted for applying the Source Tax and an amount of, or in respect of, Source Tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such Source Tax.

Investors should note that the European Commission has announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, inter alia, extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU individual, and (ii) a wider range of income similar to interest.

4.12.1 Luxembourg taxation

The statements herein regarding taxation in Luxembourg are based on the laws in force in Luxembourg as of the date of this Securities Note and are subject to any changes in law. The following does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the New Notes. Each prospective holder or beneficial owner of New Notes should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposition of the New Notes.

Luxembourg Tax Residency of bondholders

A bondholder will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the New Notes, or the execution, performance, delivery and/or enforcement of the New Notes.

Withholding tax

Under Luxembourg tax law currently in effect, with the possible exception of interest paid to individual bondholders or residual entities (within the meaning of article 4.2 of the Savings Directive), there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) to the extent that such interest has been negotiated at arm's length and is not profit participating. There is also no Luxembourg withholding tax, with the possible exception of payments made to Luxembourg individuals and individuals or residual entities (within the meaning of article 4.2 of the Savings Directive), resident or established in a EU Member State (other than Luxembourg) or in certain EU dependent territories, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the New Notes.

Investors are nevertheless advised to consult their own tax advisor for advice on their individual taxation with respect to the acquisition, sale and redemption of the New Notes. Only these advisors are in a position to duly consider the specific situation of the investor.

Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005, as amended, implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or residual entities (within the meaning of article 4.2 of the Savings Directive) resident or established in another Member State or in certain EU dependent territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure (a residual entity can elect to be treated as an UCITS recognised in accordance with Directive 85/611/EEC).

The withholding tax rate is 35% since 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries. Responsibility for the withholding of the tax is assumed by the Luxembourg paying agent. Payments of interest under the New Notes coming within the scope of the Luxembourg laws of 21 June 2005, as amended, would be subject to withholding tax of 35 % in Luxembourg.

Luxembourg resident individuals

Pursuant to Luxembourg law dated 23 December 2005, as amended, a 10% withholding tax has been introduced, as from 1 January 2006, on interest or similar income payments made by a Luxembourg based paying agent (defined in the same way as in the Savings Directive) to or for the immediate benefit of beneficial owners who are Luxembourg individual residents. Responsibility for the withholding of the tax is assumed by the Luxembourg paying agent. Payments of interest under the New Notes coming within the law of 23 December 2005, as amended, would be subject to withholding tax of 10% in Luxembourg.

In addition, pursuant to the law of 23 December 2005, as amended, Luxembourg resident individuals can opt to self-declare and pay a 10% levy on interest payments made by paying agents located in a Member State of

the European Union other than Luxembourg, a Member State of the European Economic Area (other than a Member State of the European Union) or in a State or territory which has concluded an agreement directly relating to the Savings Directive.

The 10% withholding tax as described above or the 10% levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

4.12.2 Belgian taxation

The following is a general description of certain Belgian tax considerations relating to an investment in the New Notes. It does not purport to be a complete analysis of all tax considerations relating to the New Notes. Prospective purchasers of the New Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Belgium of acquiring, holding and disposing of the New Notes. This description is based upon the law as in effect on the date of this prospectus and is subject to any change in law that may take effect after such date.

For the purpose of the description below, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e., an individual who has his domicile in Belgium or has his seat of wealth in Belgium, or a person assimilated to a Belgian resident), (ii) a company subject to Belgian corporate income tax (i.e., a company that has its registered office, its main establishment, its administrative seat or its seat of management in Belgium), or (iii) a legal entity subject to Belgian legal entities tax (i.e., an entity other than a company subject to corporate income tax having its registered office, its main establishment, its administrative seat or its seat of management in Belgium).

A non-resident is a person who is not a Belgian resident.

Belgian withholding tax

The interest component of payments on the New Notes made by or on behalf of the Issuer and which is collected through a financial intermediary in Belgium is subject to Belgian withholding tax, currently at a rate of 21% on the gross amount. For Belgian resident individuals, an additional levy of 4% may apply to the interest on the New Notes.

Interest on the New Notes collected by Belgian resident companies may benefit from an exemption of withholding tax if the company receiving the interest delivers a specific residence certificate. This withholding tax exemption does not apply to zero coupon notes.

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer), and (iii) if the New Notes qualify as fixed income securities pursuant to Article 2, §1, 8 of the Belgian Income Tax Code 1992 (ITC 1992), in case of a sale of the New Notes between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period.

Belgian income tax treatment

Belgian resident individuals

For Belgian resident individuals holding the New Notes as a private investment and who opt to submit the interest on the New Notes, in addition to the withholding tax of 21% to an additional levy of 4% withheld at source, the taxes withheld fully discharges them from their personal income tax liability with respect to these interest payments. This means that they do not have to declare the interest obtained on the New Notes in their personal income tax return.

For Belgian resident individuals holding the New Notes as a private investment and who do not opt to submit the interest on the New Notes, in addition to the withholding tax of 21%, to an additional levy of 4% withheld at source, the taxes withheld do not fully discharge them from their personal income tax liability with respect to these interest payments. In such case, the interest amount on the New Notes will be communicated to a special contact centre operated by the competent service of the Belgian tax administration who may exchange certain information to the Belgian tax authorities, and the individual will need to declare the interest amount in its personal income tax return. The interest amount so declared will normally be taxed at the interest withholding tax rate of 21% plus local surcharges (the Ministry of Finance has declared that the local surcharges would not be applicable, but this does not follow from the laws currently in force) or at the

progressive personal income tax rates plus local surcharges taking into account the taxpayer's other declared income (whichever is lower).

If the gross amount of all interest and dividend income declared and/or communicated to the contact centre, exceeds EUR 20,020 on a yearly basis (threshold applicable for assessment year 2013, income year 2012), the interest declared on the New Notes exceeding this threshold will be subject to an additional levy of 4% in the personal income tax declaration. Certain specific categories of interest and dividends are exempt and not taken into consideration in order to calculate whether the threshold is exceeded. Some other categories of interest and dividends are exempt, but are taken into consideration in order to calculate whether the threshold is exceeded.

If the interest payment is declared, the withholding tax retained and, if applicable, the additional levy of 4% may be credited.

If the payment of interest is not made through a Belgian intermediary and withholding tax is not withheld, the investors must report the interest income in their annual tax return and pay tax thereon at the rate of 21%, possibly increased with the additional levy of 4%.

Capital gains realised on the disposal of the New Notes are as a rule tax exempt, unless these New Notes are held for professional purposes or if the capital gain is realised outside the normal management of one's private estate. Capital losses realised upon the disposal of the New Notes held as non-professional investment are in principle not tax deductible. If the New Notes qualify as fixed income securities pursuant to Article 2, §1, 8 ITC 1992, in case of a sale of the New Notes between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period does not constitute a capital gain, but interest, which may be subject to withholding tax (see the section "*Belgian withholding tax*" above).

Specific tax rules apply to Belgian resident individuals who do not hold the New Notes as a private investment.

Belgian resident companies

Holders of New Notes which are Belgian resident companies will be subject to Belgian corporate income tax on the interest payments made on the New Notes at the ordinary corporate income tax rate of in principle 33.99%, any Belgian withholding tax withheld at source being fully creditable and refundable. Capital gains realised in respect of the New Notes will be part of the company's taxable income. Capital losses realised upon the sale of the New Notes are in principle tax deductible.

Belgian legal entities

A Belgian resident investor subject to the non-profit legal entities tax (*impôt des personnes morales / rechtspersonenbelasting*) who receives interest without the intervention of a Belgian intermediary free of Belgian withholding tax, is itself liable to declare and pay the withholding tax of 21%.

Capital gains realised on the sale of the New Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined in the section "*Belgian withholding tax*" above). Capital losses are in principle not tax deductible.

Non-residents

Payments of interest made to investors who are not residents of Belgium will not be subject to Belgian withholding tax if the payments are not collected through a Belgian financial intermediary (unless these investors have a permanent establishment in Belgium through which they hold the New Notes). Income collected through regulated financial intermediaries is exempt provided that the investor delivers to its financial intermediary an appropriate certificate of exemption.

Tax on stock exchange transactions

Secondary market trades in respect of the New Notes will give rise to a stock exchange tax (*Taxe sur les operation de bourse / Taks op de Beursverrichtingen*) if they are carried out in Belgium through a professional intermediary. The rate applicable for secondary sales and purchases is 0.09%. The tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary. The amount of the transfer tax is, however, capped at EUR 650 per transaction per party.

However, the tax referred to above will not be payable by exempt persons acting for their own account including all non-residents of Belgium, subject to the delivery of an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in article

126/1, 2° of the Code of various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*).

4.12.3 French taxation

The following is a general description of certain French withholding tax considerations and sets out the tax regime that, under the current French legislation, may be applicable to holders of New Notes in relation to income tax. Investors are reminded that only the tax treatment applicable to persons subscribing to the New Notes at issue is described below and that the features of the issue may contain tax liabilities specific to them. The information provided below does not purport to be a complete description of French tax law and practice currently applicable. Prospective investors should consult with their own professional advisers in order to assess their own tax position.

French withholding tax

All payments of interest and principal by the Issuer (acting out of its head office in Luxembourg or one of its non-French branches) on the New Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein, in accordance with the applicable French law, subject to the possibility under certain circumstances for French tax resident individuals holding New Notes as part of their private assets to exercise an option, conditional on compliance with certain formalities, for the interest received on the New Notes to be subject to a final withholding tax (*prélèvement libératoire*) at the rate of 24%, the CSG of 8.2%, the *prélèvement social* of 5.4% and its *contributions additionnelles au prélèvement social* of 1.4% and the CRDS of 0.5%, resulting in a global tax rate of 39.5%. The possibility to exercise this option applies only where the interest is paid by the Issuer acting out of its head office in Luxembourg or one of its branches situated in a European Union Member State, Iceland, Norway or Liechtenstein and through a paying agent established in one of these jurisdictions.

Should the Issuer be acting out of its French branch, all payments of principal and interest by the Issuer in respect of the New Notes will not be subject to the withholding tax set out in Article 125 A III of the French *Code général des impôts* if the Issuer can prove that the principal purpose and effect of such issue of the New Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (*Etat ou territoire non coopératif*, as defined in Article 238-0-A of the French *Code général des impôts* (the “**Exception**”). Pursuant to the ruling (*Rescrit*) of the *Direction générale des impôts* n° 2010/11 (FP et FE) dated 22 February 2010, an issue of New Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of New Notes, if such New Notes are:

- (a) offered by means of a public offer within the meaning of Article L.411.1 of the French *Code monétaire et financier* or pursuant to an equivalent offer made in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (b) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (c) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

In the case at hand, the conditions set out by the ruling would be met so that interest and other income paid on the New Notes should be exempt from the French withholding tax provided for by Article 125 A III of the French tax code.

Please note that investors are required to provide information necessary to allow the paying agent to identify the beneficial owners of interest paid according to the provisions of the EU Savings Directive.

French income tax treatment

Individuals domiciled in France for tax purposes and holding the New Notes as part of their private assets

Under current legislation, interest and redemption premiums (equal to the difference between amounts to be received on the New Notes and amounts paid on their acquisition or subscription) received by individuals domiciled in France for tax purposes holding the New Notes as part of their private assets, are subject to:

- (i) income tax computed based on a progressive scale (in this case, income subject to income tax is reduced by deductible expenses, such as custody and coupon-payment costs),
- (ii) or, optionally, a flat withholding income tax rate of 24% (Article 125 A of the French *Code Général des Impôts*). This option must be expressly specified by the beneficiary, at the very latest, when the income is received.

Whatever the taxpayer decides, interest and bond redemption premiums are subject to the following social security contributions at a global rate of 15.5% :

- (i) general social security contribution (*contribution sociale généralisée*) at 8.2% (Article 1600-O D and O E of the *Code Général des Impôts*), of which up to 5.8% may be deductible, in the absence of election for taxation under the withholding tax regime referred to above, from income that is subject to a progressive scale of income tax for the year of payment of the aforementioned general social security contribution (Article 154 *quinquies* II of the *Code Général des Impôts*),
- (ii) social security (*prélèvement social*) at 5.4% (Article 1600-0 F bis of the *Code Général des Impôts*),
- (iii) an additional social security contribution (*contribution additionnelle au prélèvement social*) at 0.3% (Article L.14-10-4 of the *Code de l'action sociale et des familles*),
- (iv) an additional social security contribution at 1.1% to finance social welfare (*contribution additionnelle au prélèvement social destinée au financement du revenu de solidarité active*) (Article L.262-24 of the *Code de l'action sociale et des familles*),
- (v) social security debt reimbursement contribution (*contribution pour le remboursement de la dette sociale*) at 0.5% (Article 1600-0 J of the *Code Général des Impôts*).

In addition, a surtax assessed on the tax payer's *revenu fiscal de référence* may apply. This surtax would be due at the rate of:

- (i) 3% for that portion of the tax payer's *revenu fiscal de référence* which is between Euro 250,000 and Euro 500,000 for a single person or between Euro 500,000 and Euro 1,000,000 for tax-payers subject to a joint taxation (e.g. married couple),
- (ii) 4% for that portion of the tax payer's *revenu fiscal de référence* which is above Euro 500,000 for a single person and Euro 1,000,000 for tax payers subject to a joint taxation (e.g. a married couple).

Legal entities liable to corporation tax

Interest on the New Notes held by legal entities liable to corporation tax is included in their taxable income on an accruals basis.

Redemption premium is defined as the difference between the amounts or values to be received under the New Notes, whatever their nature, with the exception of linear interest paid annually on a regular basis, and those paid upon subscription or acquisition of the New Notes. Redemption premium is taxable at the time of redemption. However, if the redemption premium exceeds 10% of the acquisition cost of the New Notes and the average issue price of the New Notes does not exceed 90% of their redemption value, the redemption premium shall be spread out over the life of the New Notes under the following conditions.

The portion of premium and interest to be added to taxable income of any given year until redemption of a New Note is determined by applying to their acquisition cost (increased, if applicable, by the portion of the capitalized premium and interest on the anniversary date of the borrowing), the actuarial rate of interest determined at the acquisition date (the actuarial rate of interest is the annual rate which makes equal, at this rate and at compound interest, the current values of amounts to be paid and amounts to be received).

Interest and redemption premiums are taxable at a rate of 33.33% (or at a reduced rate of 15% under certain conditions and within certain limits for companies specified in Article 219 I b) of the *Code Général des*

Impôts) to which is added a social security contribution at 3.3% calculated on the amount of corporate tax, with an allowance of Euro 763,000 for each 12-month period. Furthermore, an additional contribution of 5% will apply for fiscal years ending between 31 December 2011 and 31 December 2013 to companies with a turnover exceeding Euro 250 million.

4.12.4 United Kingdom taxation

The following is a description of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the New Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs (“HMRC”), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of New Notes. The comments are made on the assumption that the Issuer of the New Notes is not resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the New Notes. Prospective holders of New Notes should be aware that the particular terms of issue of any series of New Notes as specified in the relevant final terms may affect the tax treatment of that and other series of New Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Holders of New Notes who are in any doubt as to their tax position should consult their professional advisers. Holders of New Notes who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the New Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the New Notes. In particular, holders of New Notes should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the New Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

UK Withholding Tax on Interest Payments by the Issuer

Interest on the New Notes may have a United Kingdom source. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard. However, provided that the New Notes are and continue to be listed on the Luxembourg Stock Exchange, the interest on the New Notes should not have a United Kingdom source and should be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax.

UK interest on New Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the New Notes in respect of which the UK interest is paid constitute “quoted Eurobonds”. New Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be “listed on a recognised stock exchange” for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The Luxembourg Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the main market of that exchange may be regarded as “listed on a recognised stock exchange” for these purposes.

In all other cases, UK interest on the New Notes may fall to be paid under deduction of United Kingdom income tax at the savings rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Provision of Information

Holders of the New Notes should note that where any interest on New Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a “paying agent”), or is received by any person in the United Kingdom acting on behalf of the relevant holder of the New Notes (other than solely by clearing or arranging the clearing of a cheque) (a “collecting agent”), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the holder of the New Notes (including the holder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the holder of the New Notes is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

Other Rules Relating to United Kingdom Withholding Tax

Where interest has been paid under deduction of United Kingdom income tax, holders of New Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” in this section 4.12.4 mean “interest” as understood in United Kingdom tax law. The statements in this section 4.12.4 above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the New Notes or any related documentation. Holders of New Notes should seek their own professional advice as regards the withholding tax treatment of any payment on the New Notes which does not constitute “interest” or “principal” as those terms are understood in United Kingdom tax law. Where a payment on a New Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes. In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer and does not consider the tax consequences of any such substitution.

5. TERMS OF THE EXCHANGE OFFER FOR THE NEW NOTES

5.1 Bonds that may be exchanged in the Exchange

Subject to the restrictions described in section 3.4 “Exchange Restrictions”, holders of OPG Bonds and OG Bonds (defined below) are eligible to participate in the Exchange and exchange their OPG Bonds and/or OG Bonds for New Notes. The following bonds may be exchanged in the Exchange:

- (i) EUR 50,272,605.30 OBSAR 1 bonds issued by the Company on 18 November 2005, ISIN code FR0010249599 (the “**2010 OPG Bonds**”);
- (ii) CZK 1,400,000,000 (CZK 300,000,000 outstanding) Czech bonds issued by the Company on 3 February 2006, ISIN code CZ0000000195 (the “**2011 OPG Bonds**”);
- (iii) EUR 24,169,193.39 bonds exchangeable for Sunčani Hvar shares issued by the Company on 30 June 2005, ISIN code XS0223586420 (the “**2012 OPG Bonds**”);
- (iv) EUR 149,999,928 convertible bonds issued by the Company on 1 June 2006, ISIN code FR0010333302 (the “**2013 OPG Bonds**”); and
- (v) EUR 175,000,461.60 OBSAR 2 bonds issued by the Company on 28 March 2007, ISIN code XS0291838992 / XS0291840626, (the “**2014 OPG Bonds**”, and together with the 2010 OPG Bonds, the 2011 OPG Bonds, the 2012 OPG Bonds and the 2013 OPG Bonds, the “**OPG Bonds**”): and
- (vi) EUR 100,100,052 bonds issued by Orco Germany on 24 May 2007, ISIN code XS0302623953 (the “**OG Bonds**”).

OPG Bonds and OG Bonds that are not offered for exchange pursuant to the Exchange will remain outstanding and will entitle holders to payments according to their terms.

5.2 Exchange Ratios

New Notes will be issued in exchange for OPG Bonds at a ratio of EUR 1 in principal amount of New Notes for EUR 1 in claim amount for the OPG Bonds under the Safeguard plan, subject to rounding. New Notes will be issued in exchange for OG Bonds at a ratio of EUR 1 in principal amount of New Notes for EUR 1 in repayment amount for the OG Bonds (100% principal amount *plus* 4 percent interest accrued as of 31 May 2012 *plus* 25 percent redemption premium), subject to rounding. The New Notes will be issued in initial denominations of € 10 per New Note.

A holder who chooses to exchange OPG Bonds and/or OG Bonds pursuant to the Exchange will receive, on the Issue Date a number of New Notes equal to the product of (i) the number of OPG Bonds and/or OG Bonds validly offered and accepted for exchange, and (ii) the relevant ratio of New Notes per bond as indicated in the right column of the table below:

Bond tranche	Denomination	Ratio of principal amount of New Notes to principal amount of Exchanged Bond	Amount of New Notes per Exchanged Bond	Ratio of number of New Notes per Exchanged Bond
2010 OPG Bond	€ 686.10	1.256963562	€ 862.4026996	8.240
2011 OPG Bond	€ 387,666.6667 (10,000,000 CZK)	1.379310199	€ 534,712.5872	53.471
2012 OPG Bond	€ 26.03	1.195452329	€ 31.11762412	3.118
2013 OPG Bond	€ 138	1.415495671	€ 195.3384026	19.53
2014 OPG Bond	€ 1463.90	1.303204134	€ 1907.760531	190.78
OG Bond	€ 676	1.29	€ 872.04	87.204

The OPG Bond ratios for the principal amount of New Notes to principal amount of Exchanged Bond are derived from the ratio of claim amount under the Safeguard Plan to principal amount, as shown in the table below:

Bond tranche	Principal amount	Claim amount under the Safeguard plan	Ratio
2010 OPG Bond	€ 50 272 605.30	€ 63 190 833.01	1.25063562
2011 OPG Bond	€ 11 630 000.00	€ 16 041 377.62	1.37910199
2012 OPG Bond	€ 24 169 193.39	€ 28 893 118.52	1.19452329
2013 OPG Bond	€ 149 999 928.00	€ 212 324 248.69	1.45495671
2014 OPG Bond	€ 175 000 461.60	€ 228 061 324.94	1.3204134

5.3 Procedure for participating in the Exchange

5.3.1 Submission of Exchange Instructions

In order to participate in, and be eligible to receive New Notes pursuant to, the Exchange, holders must validly offer OPG Bonds or OG Bonds for exchange by delivering, or arranging to have delivered on their behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Exchange Instruction that is received by the relevant Depository and/or Exchange Agent before the Instruction Deadline, which is not subsequently revoked (in the circumstances in which such revocation is permitted). An “**Exchange Instruction**” is the electronic exchange and blocking instruction in the form specified in the Clearing System notice for submission by Direct Participants to the Exchange Agent via the relevant Clearing System and in accordance with the requirements of such Clearing System.

Only Direct Participants may submit Exchange Instructions. Each holder that is not a Direct Participant must arrange for the Direct Participant through which such Holder holds its OPG Bonds and/or OG Bonds to submit a valid Exchange Instruction on its behalf to the relevant Clearing System before the deadlines specified by the relevant Clearing System. Holders are advised to check with any bank, securities broker or other intermediary through which they hold their OPG Bonds or OG Bonds as to when such intermediary requires receipt of instructions from a holder in order for that holder to give or revoke an instruction to participate in the Exchange before the applicable deadlines. The deadlines set by any such intermediary and each Clearing System for the submission and withdrawal of Exchange Instructions will be earlier than the relevant deadlines specified in this Securities Note.

The Instruction Deadline is the final deadline for holders to participate in the Exchange. Holders that offer OPG Bonds or OG Bonds for exchange where such offer is received by the Exchange Agent after the Instruction Deadline will not be eligible to participate in the Exchange.

The receipt of Exchange Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the relevant OPG Bonds and/or OG Bonds in the holder's account with the relevant Clearing System so that no transfers may be effected in relation to such OPG Bonds and/or OG Bonds.

5.3.2 Revocation of Exchange Instructions

Exchange Instructions may be revoked at any time from their time of submission until the Revocation Deadline. However, Exchange Instructions will become irrevocable on the Revocation Deadline (and Exchange Instructions submitted after the Revocation Deadline will be irrevocable from the time of their submission). Exchange Instructions may be revoked by a holder, or the relevant Direct Participant on its behalf, by submitting a valid electronic withdrawal instruction to the relevant Clearing System before the Revocation Deadline. To be valid, such instruction must specify the OPG Bonds and/or OG Bonds to which the original Exchange Instruction related, the securities account to which such OPG Bonds and/or OG Bonds are credited and any other information required by the relevant Clearing System. Beneficial owners of OPG Bonds and/or OG Bonds that are held through an intermediary are advised to check with such entity when it would need to receive instructions to revoke an Exchange Instruction in order to meet the Revocation Deadline.

5.3.3 Rounding of Fractional Amounts

The New Notes will only be issued to each bondholder in whole number amounts of New Notes, in initial denominations of € 10 in principal amount per New Note. Accordingly, a rounding mechanism will be applied in order to obtain the number of New Notes to be issued to each bondholder. The number of OPG Bonds or OG Bonds to be exchanged is multiplied by the ratio of the number of New Notes per bond, as indicated in the right column of the table in the above section 5.2 “*Exchange Ratio*”. This result is rounded down to the nearest whole number, giving the amount of New Bonds to be issued to the holder in exchange for the OPG Bonds or OG Bonds.

With the exception of the 2011 OPG Bonds, because the OPG Bonds and the OG Bonds are held through Euroclear Bank SA and Clearstream Banking S.A. (together, the “**Clearing Systems**”), this rounding will be performed at the level of the custodian/participant (“**Direct Participant**”) in the clearing systems, and not at the level of the beneficial owner. It will then be the Direct Participants’ responsibility to debit the OPG Bonds and the OG Bonds from and distribute the New Notes to the beneficial owner(s). This could result in numbers of New Notes that differ from the numbers that would be obtained by using the procedures described above at the level of the beneficial owner. However, if a beneficial owner would like the rounding steps to be performed at the level of the beneficial owner (and not the level of the Direct Participant), it may voluntarily disclose the number of bonds it holds to the clearing systems through its Direct Participant on an anonymous basis. In order for such information to be taken into account, it must be provided by the Instruction Deadline.

5.3.4 Delivery to Direct Participants

Unless the context otherwise requires, all references in this Exchange Prospectus to Holders or holders of the OPG Bonds, OG Bonds or New Notes include: (a) each person who is shown in the records of the Clearing Systems as a holder of the OPG Bonds, OG Bonds or New Notes (also referred to as Direct Participants and each a Direct Participant); and (b) each beneficial owner of the OPG Bonds, OG Bonds or New Notes holding such OPG Bonds, OG Bonds or New Notes, directly or indirectly, in an account in the name of a Direct Participant acting on such beneficial owner's behalf.

However, for the purposes of the exchange of any OPG Bonds or OG Bonds for New Notes pursuant to the Exchange, to the extent the beneficial owner of the relevant OPG Bond or OG Bond is not a Direct Participant, the relevant New Notes will only be delivered by the relevant Clearing System to the relevant Direct Participant and the delivery of such New Notes by or on behalf of the Company to such Clearing System and by such Clearing System to such Direct Participant will satisfy the respective obligations of the Company and such Clearing System in respect of the exchange of such OPG Bonds or OG Bonds.

Accordingly, each beneficial owner of OPG Bonds or OG Bonds who holds his OPG Bonds or OG Bonds, directly or indirectly, in an account in the name of a Direct Participant must rely on the procedures of, and any contractual arrangements in place with, such Direct Participant and any other relevant intermediaries.

5.3.5 Representations

By submitting a valid Exchange Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, a holder and any Direct Participant submitting such Exchange Instruction on such holder's behalf shall be deemed to agree with, and acknowledge, represent, warrant and undertake to, the Company and the Exchange Agent the following at the Instruction Deadline and the time of settlement on the Issue Date (if a holder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such holder or Direct Participant should contact the Exchange Agent immediately):

- (a) it has received the Exchange Prospectus, and has reviewed and accepts the terms, conditions, risk factors (including the risk factors in the Registration Document), New Notes terms and other considerations of the Exchange, all as described in this Exchange Prospectus (including the Registration Document), and has undertaken an appropriate analysis of the implications of the Exchange without reliance on any of the Company or the Exchange Agent;
- (b) upon the terms and subject to the conditions of the Exchange, it offers for exchange in the Exchange the number of OPG Bonds and/or OG Bonds blocked in its account in the relevant Clearing System and, subject to and effective upon such exchange by the Company, it renounces all right, title and interest in and to all

such exchanged OPG Bonds and/or OG Bonds and waives and releases any rights or claims it may have against the Company with respect to any such OPG Bonds and/or OG Bonds and the Exchange;

(c) it agrees to ratify and confirm each and every act or thing that may be done or effected by the Company, any of its representatives or any person nominated by the Company in the proper exercise of his or her powers and/or authority hereunder;

(d) it has observed the laws of all relevant jurisdictions; obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of the Exchange or which will or may result in the Company, the Exchange Agent or any other person to act in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange;

(e) none of the Company or the Exchange Agent has given it any information (other than procedural guidance) with respect to the Exchange save as expressly set out in this Exchange Prospectus, nor has any of them made any recommendation to it as to whether it should offer OPG Bonds and/or OG Bonds in the Exchange and it has made its own decision with regard to offering OPG Bonds and/or OG Bonds in the Exchange based on any legal, tax or financial advice it has deemed necessary to seek;

(f) it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange under applicable securities laws, and it has complied with all laws and regulations applicable to it for the purposes of its participation in the Exchange;

(g) if it is not in Luxembourg, France, Belgium or the United Kingdom then it is either a “qualified investor” as defined in the Prospectus Directive as implemented in each country of the European Union or it qualifies for another applicable exemption from the Prospectus Directive and other applicable securities laws concerning the Exchange.

(h) it has full power and authority to offer for exchange and transfer the OPG Bonds and/or OG Bonds offered for exchange and such OPG Bonds and/or OG Bonds will be transferred to, or to the order of, the Company with full title free from all liens, charges, encumbrances and rights of set-off, not subject to any adverse claim and together with all rights attached to such OPG Bonds and/or OG Bonds, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Company to be necessary or desirable to complete the transfer and cancellation of such OPG Bonds and/or OG Bonds or to evidence such power and authority;

(i) the terms and conditions of the Exchange shall be deemed to be incorporated in, and form a part of, the Exchange Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such holder in the Exchange Instruction is true and will be true in all respects at the time of the exchange on the Issue Date; and

(j) the receipt of an Exchange Instruction by the relevant Clearing System will constitute instructions to debit the securities account of the relevant Direct Participant on the Issue Date in respect of all of the OPG Bonds and/or OG Bonds that the relevant holder has offered for exchange, upon receipt by such Clearing System of an instruction from the Exchange Agent for such OPG Bonds and/or OG Bonds to be transferred to the specified account of the Company or its agent on its behalf and against credit of the relevant New Notes, subject to the valid revocation of such Exchange Instruction.

5.3.6 Extension and Amendment

Notwithstanding any other provision of the Exchange, the Company may, subject to applicable laws, at its option and in its sole discretion,

(a) extend the Instruction Deadline for, or reopen, the Exchange (in which case all references in this Exchange Prospectus to “Instruction Deadline” shall for the purposes of the Exchange, be to the latest time and date to which the Instruction Deadline has been so extended or the Exchange reopened, unless the context requires otherwise); or

(b) otherwise extend, re-open or amend the Exchange in any respect (including, but not limited to, any extension, re-opening or amendment, as applicable, in relation to the Instruction Deadline and/or Issue Date);

The Company will ensure an announcement is made in respect of any such extension, re-opening or amendment as soon as is reasonably practicable after the relevant decision is made. In the case of an extension or an amendment, a supplement to the Exchange Prospectus will be prepared. In the case of a re-opening, a new Prospectus will be prepared.

5.3.7 Announcement of Results

As soon as reasonably practicable after the Instruction Deadline, the Company will announce the final aggregate amount of OPG Bonds and OG Bonds accepted for exchange, the final aggregate principal amount of New Notes to be issued and will confirm details of the Issue Date for the Exchange, by publication of a press release. Holders that have offered OPG Bonds and/or OG Bonds for exchange will receive the corresponding number of New Notes, subject to rounding, on or about the Issue Date.

Subject to the offer restrictions set out in section 3.4 “*Exchange Restrictions*”, the Exchange is being made in respect of any and all of the remaining OPG Bonds and OG Bonds. OPG Bonds and OG Bonds that are not offered by holders pursuant to the Exchange will remain outstanding and will entitle holders to payments according to their terms.

5.4 *Expected Timetable for the Exchange*

This is an indicative timetable for the timing of the Exchange based on the dates in this Exchange Prospectus. All times are in Central European Summer Time (CEST). This timetable is subject to change and dates and times may be extended or amended by the Company in accordance with the terms of the Exchange. Accordingly, the actual timetable may differ from the timetable below.

29 August 2012:	Approval of the Exchange Prospectus by the CSSF
30 August 2012:	Notification of certificate of approval by the CSSF to the AMF, FSMA and FSA.
6 September 2012:	Commencement of the Exchange
5pm, 24 September 2012:	Revocation Deadline
5pm, 27 September 2012:	Instruction Deadline
1 October 2012:	Announcement of Exchange results
4 October:	Issue Date / Listing on the official list and admission to trading on the regulated market of the Luxembourg Stock Exchange

The Exchange will be open from 6 September 2012 to 27 September 2012, the Instruction Deadline. The above dates are subject to the right of the Company to extend, re-open, amend and/or terminate the Exchange (subject to applicable law and as provided in this Exchange Prospectus). Holders are advised to check with any bank, securities broker or other intermediary through which they hold OPG Bonds or OG Bonds as to when such intermediary would require receipt of instructions from a holder in order for that holder to be able to participate in, or revoke their instruction to participate in, the Exchange before the deadlines set out above. The deadlines set by any such intermediary and each Clearing System for the submission of Exchange Instructions will be earlier than the relevant deadlines above.

5.5 *Amount of the Issue and Issue Price*

5.5.1 Issue Price

The New Notes will be issued at 100% of their principal amount (i.e., € 10 per New Note).

5.5.2 Amount of the Issue

Up to € 75,200,000, assuming 100% participation in the Exchange, and based on the amount of OPG Bonds remaining after completion of the equitization of approximately 89.9% of the OPG Bonds.

5.5.3 Reduction of the amount of the Issue

The amount of the Issue will depend on the number of holders that exchange their OPG Bonds and OG Bonds for New Notes.

5.5.4 Minimum and/or maximum amount of subscription

The maximum amount of New Notes that will be issued is approximately € 75,200,000, assuming 100% participation in the Exchange. There is no minimum amount. The New Notes will be issued in the amount corresponding to the amount of OPG Bonds and OG Bonds that are offered in exchange by holders.

5.5.5 Closing dates and payment and delivery conditions of the New Notes

The settlement and delivery of the New Notes will take place on the Issue Date.

5.5.6 Method of publication of the results of the Exchange

The Company will publish the results of the Exchange by press release, on its website and through the clearing systems on 1 October 2012.

5.6 Depositary, Paying Agent and Exchange Agent

The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch, a *société en commandite par actions* existing under the laws of France, registered with the Paris Trade and Companies Register under the registration number RCS Paris 552 108 011 (C.E. Identification: FR60552108011), acting through its Luxembourg Branch BNP Paribas Securities Services S.C.A., Luxembourg Branch, established at 33, rue de Gasperich, L-5826 Hesperange, Luxembourg, registered with the Luxembourg Register of Commerce and Companies under the registration number B 86862, as the initial Depositary, Paying Agent and Exchange Agent.

Payment of interest and principal and of any other sums due pursuant to the New Notes will be made to the order of the Paying Agent in euro by crediting an account denominated in euro in the name of the Paying Agent. Payment on behalf of the Company will be made by, or upon instructions of, the Paying Agent through the clearing and settlement systems (Euroclear Bank and Clearstream) and any such payment validly made in favour of the bondholders shall release the Company and the Paying Agent.

The Company and the Paying Agent will not be liable to the bondholders or any other person in respect of any costs, commissions, losses or other expenses connected to or resulting from the money transfer in euro and/or any currency exchange or rounding which may be related to the delivery of New Notes or interest.

If the payment date of any principal, interest or other amount relating to the New Notes is not a Business Day, the bondholder will only have a right to payment of such amount on the next following Business Day, and will have no right to any interest or other sum as a result of such deferral.

The Issuer may appoint replacement agents provided that there will always be a paying agent. In such circumstances, a notice will be published in a Luxembourg newspaper with wide distribution (the *Tageblatt*) containing the names and addresses of any successor paying agent or depositary, as applicable.

6. ADMISSION TO TRADING OF THE NEW NOTES

Application has been made for the listing of the New Notes on the official list of the Luxembourg Stock Exchange and for the admission to trading of the New Notes on the regulated market of the Luxembourg Stock Exchange, which is a regulated market pursuant to Directive 2004/39/EC. The New Notes have been accepted for clearing and settlement by Euroclear Bank and Clearstream. Their anticipated listing date is 4 October 2012 under ISIN code: XS0820547742 and common code: 082054774.

There is no intention to apply for an admission of the New Notes to trading on another market.

ORCO PROPERTY GROUP S.A.

Issuer, société anonyme

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BNP Paribas Securities Services, Luxembourg Branch

Depositary, Paying Agent and Exchange Agent

33, rue de Gasperich, L-5826 Hesperange, Luxembourg

HRT Révision S.A.

External auditor to the Company

163 Rue de Kiem, L-8030 Strassen, Luxembourg

Deloitte S.A.

External auditor to the Company

560 Rue de Neudorf, L-2220 Luxembourg