



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 29 August 2012

Admission to trading of 64,577,483 shares to be issued on 3 September 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 64,577,483 new shares of the Company (the “**New Shares**”) in a mandatory exchange for 89.9% of its bonds at a price of approximately EUR 7.59 per share on 3 September 2012 (hereinafter the “**Issue**”), as part of its bond restructuring, described below.

The ordinary shares of the Company (the “**Shares**”) are currently listed on NYSE Euronext Paris (“**Euronext Paris**”), the main market of Burza cenných papírů Praha, a.s. (the “**Prague Stock Exchange**”) and on the main market of Gielda Papierów Wartościowych w Warszawie Spółka Akcyjna (the “**Warsaw Stock Exchange**”).

This document comprises a securities note (the “**Securities Note**”) and a summary (the “**Summary**”) dated 29 August 2012 relating to the New Shares. 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 “**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 (the “**Prospectus Directive**”) and article 8.3 of the Luxembourg act dated 10 July 2005 on prospectuses for securities (the “**Prospectus Act 2005**”).

An application for approval of the 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. In submitting the Prospectus to the CSSF, the Company requests the CSSF to provide the French competent authority (the *Autorité des Marchés Financiers*, the “**AMF**”), the Czech competent authority (the *Czech National Bank*, the “**CNB**”) and the Polish competent authority (the Polish Financial Supervision Commission, the “**PFSC**”) with a certificate of approval certifying that the 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 authority 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:

- 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 Share Agent (as defined in the Prospectus)
CACEIS CORPORATE TRUST, 1-3, place Valhubert, 75013 Paris, France

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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No person is or has been authorised to give any information or make any representations other than those contained or incorporated in this 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 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 Prospectus is correct as of any subsequent time.

This Prospectus does not constitute or form part of an offer to sell, or solicitation of an offer to subscribe for, Shares to any person in the United States or in any jurisdiction in which such offer or solicitation is unlawful.

The New Shares have not been publicly offered for sale, purchase or barter in any country.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been or will be taken by the Issuer to permit a public offering of the New Shares or to permit the possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required. Persons into whose possession this Prospectus comes 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.

The contents of this 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.

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	<p>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:</p> <table border="1" data-bbox="555 999 1513 1953"> <thead> <tr> <th data-bbox="555 999 922 1055">Shareholders</th> <th data-bbox="922 999 1107 1055">No. of shares</th> <th data-bbox="1107 999 1331 1055">% of capital</th> <th data-bbox="1331 999 1513 1055">% of voting rights</th> </tr> </thead> <tbody> <tr> <td data-bbox="555 1055 922 1095">MTone Limited</td> <td data-bbox="922 1055 1107 1095">3,471,862</td> <td data-bbox="1107 1055 1331 1095">9.8%</td> <td data-bbox="1331 1055 1513 1095">9.9%</td> </tr> <tr> <td data-bbox="555 1095 922 1160">Maple Leaf Macro Volatility Master Fund</td> <td data-bbox="922 1095 1107 1160">2,479,902</td> <td data-bbox="1107 1095 1331 1160">7.0%</td> <td data-bbox="1331 1095 1513 1160">7.1%</td> </tr> <tr> <td data-bbox="555 1160 922 1216">August Finance Fund SPC (Structured Product 1)</td> <td data-bbox="922 1160 1107 1216">2,417,978</td> <td data-bbox="1107 1160 1331 1216">6.8%</td> <td data-bbox="1331 1160 1513 1216">6.9%</td> </tr> <tr> <td data-bbox="555 1216 922 1256">MSREF V Turtle B.V.</td> <td data-bbox="922 1216 1107 1256">2,000,000</td> <td data-bbox="1107 1216 1331 1256">5.6%</td> <td data-bbox="1331 1216 1513 1256">5.7%</td> </tr> <tr> <td data-bbox="555 1256 922 1312">Credit Suisse Securities (Europe) Limited</td> <td data-bbox="922 1256 1107 1312">1,487,941</td> <td data-bbox="1107 1256 1331 1312">4.2%</td> <td data-bbox="1331 1256 1513 1312">4.2%</td> </tr> <tr> <td data-bbox="555 1312 922 1352">UBS AG</td> <td data-bbox="922 1312 1107 1352">1,291,456</td> <td data-bbox="1107 1312 1331 1352">3.6%</td> <td data-bbox="1331 1312 1513 1352">3.7%</td> </tr> <tr> <td data-bbox="555 1352 922 1393">Brennus Fund Limited</td> <td data-bbox="922 1352 1107 1393">1,277,222</td> <td data-bbox="1107 1352 1331 1393">3.6%</td> <td data-bbox="1331 1352 1513 1393">3.6%</td> </tr> <tr> <td data-bbox="555 1393 922 1433">Jardenne Corporation S.à.r.l.</td> <td data-bbox="922 1393 1107 1433">1,284,736</td> <td data-bbox="1107 1393 1331 1433">3.6%</td> <td data-bbox="1331 1393 1513 1433">3.7%</td> </tr> <tr> <td data-bbox="555 1433 922 1473">Lansdowne Capital</td> <td data-bbox="922 1433 1107 1473">1,000,000</td> <td data-bbox="1107 1433 1331 1473">2.8%</td> <td data-bbox="1331 1433 1513 1473">2.8%</td> </tr> <tr> <td data-bbox="555 1473 922 1529">ING Towarzystwo Funduszy Inwestycyjnych S.A.</td> <td data-bbox="922 1473 1107 1529">819,274</td> <td data-bbox="1107 1473 1331 1529">2.3%</td> <td data-bbox="1331 1473 1513 1529">2.3%</td> </tr> <tr> <td data-bbox="555 1529 922 1570">Axa Investment Managers</td> <td data-bbox="922 1529 1107 1570">748,303</td> <td data-bbox="1107 1529 1331 1570">2.1%</td> <td data-bbox="1331 1529 1513 1570">2.1%</td> </tr> <tr> <td data-bbox="555 1570 922 1668">Jean-François Ott (including Ott&Co S.A., Joho Compagnie and Ott Properties)</td> <td data-bbox="922 1570 1107 1668">308,067</td> <td data-bbox="1107 1570 1331 1668">0.9%</td> <td data-bbox="1331 1570 1513 1668">0.9%</td> </tr> <tr> <td data-bbox="555 1668 922 1709">Finance Consulting S.A.</td> <td data-bbox="922 1668 1107 1709">300,000</td> <td data-bbox="1107 1668 1331 1709">0.8%</td> <td data-bbox="1331 1668 1513 1709">0.9%</td> </tr> <tr> <td data-bbox="555 1709 922 1749">Finplat S.A.</td> <td data-bbox="922 1709 1107 1749">300,000</td> <td data-bbox="1107 1709 1331 1749">0.8%</td> <td data-bbox="1331 1709 1513 1749">0.9%</td> </tr> <tr> <td data-bbox="555 1749 922 1789">M. Silvano Pedretti</td> <td data-bbox="922 1749 1107 1789">113,215</td> <td data-bbox="1107 1749 1331 1789">0.3%</td> <td data-bbox="1331 1749 1513 1789">0.3%</td> </tr> <tr> <td data-bbox="555 1789 922 1830">Courcelette Holdings LLC</td> <td data-bbox="922 1789 1107 1830">30,000</td> <td data-bbox="1107 1789 1331 1830">0.1%</td> <td data-bbox="1331 1789 1513 1830">0.1%</td> </tr> <tr> <td data-bbox="555 1830 922 1870">Treasury shares</td> <td data-bbox="922 1830 1107 1870">270,915</td> <td data-bbox="1107 1830 1331 1870">0.8%</td> <td data-bbox="1331 1830 1513 1870">(suspended)</td> </tr> <tr> <td data-bbox="555 1870 922 1910">Other</td> <td data-bbox="922 1870 1107 1910">15,814,535</td> <td data-bbox="1107 1870 1331 1910">44.7%</td> <td data-bbox="1331 1870 1513 1910">45.0%</td> </tr> <tr> <td data-bbox="555 1910 922 1953">Total</td> <td data-bbox="922 1910 1107 1953">35,415,406</td> <td data-bbox="1107 1910 1331 1953">35,415,406 (100%)</td> <td data-bbox="1331 1910 1513 1953">35,144,491 (100%)</td> </tr> </tbody> </table>	Shareholders	No. of shares	% of capital	% of voting rights	MTone Limited	3,471,862	9.8%	9.9%	Maple Leaf Macro Volatility Master Fund	2,479,902	7.0%	7.1%	August Finance Fund SPC (Structured Product 1)	2,417,978	6.8%	6.9%	MSREF V Turtle B.V.	2,000,000	5.6%	5.7%	Credit Suisse Securities (Europe) Limited	1,487,941	4.2%	4.2%	UBS AG	1,291,456	3.6%	3.7%	Brennus Fund Limited	1,277,222	3.6%	3.6%	Jardenne Corporation S.à.r.l.	1,284,736	3.6%	3.7%	Lansdowne Capital	1,000,000	2.8%	2.8%	ING Towarzystwo Funduszy Inwestycyjnych S.A.	819,274	2.3%	2.3%	Axa Investment Managers	748,303	2.1%	2.1%	Jean-François Ott (including Ott&Co S.A., Joho Compagnie and Ott Properties)	308,067	0.9%	0.9%	Finance Consulting S.A.	300,000	0.8%	0.9%	Finplat S.A.	300,000	0.8%	0.9%	M. Silvano Pedretti	113,215	0.3%	0.3%	Courcelette Holdings LLC	30,000	0.1%	0.1%	Treasury shares	270,915	0.8%	(suspended)	Other	15,814,535	44.7%	45.0%	Total	35,415,406	35,415,406 (100%)	35,144,491 (100%)
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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	<p>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”):</p> <table border="1"> <thead> <tr> <th>in EUR thousands</th> <th>31 March 2012 (unaudited)</th> <th>31 March 2011 (unaudited)</th> <th>31 December 2011</th> <th>31 December 2010</th> <th>31 December 2009</th> </tr> </thead> <tbody> <tr> <td>Turnover</td> <td>32 626</td> <td>39 146</td> <td>157 602</td> <td>314 657</td> <td>251 531</td> </tr> <tr> <td>Operating result</td> <td>7 271</td> <td>5 411</td> <td>39 945</td> <td>50 967</td> <td>-254 217</td> </tr> <tr> <td>Profit before tax</td> <td>2 462</td> <td>-1 140</td> <td>-47 108</td> <td>230 819</td> <td>-364 374</td> </tr> <tr> <td>Net result attributable to the Owners of the Company</td> <td>2 834</td> <td>-4 373</td> <td>-53 257</td> <td>233 411</td> <td>-250 564</td> </tr> <tr> <td>Shareholders' equity</td> <td>274 198</td> <td>296 993</td> <td>263 195</td> <td>303 057</td> <td>56 577</td> </tr> <tr> <td>Gross financial debt</td> <td>1 172 137</td> <td>1 176 847</td> <td>1 159 255</td> <td>1 236 656</td> <td>1 600 477</td> </tr> <tr> <td>Cash and cash equivalent</td> <td>35 060</td> <td>48 236</td> <td>37 095</td> <td>53 439</td> <td>57 040</td> </tr> <tr> <td>Total balance sheet</td> <td>1 713 541</td> <td>1 831 495</td> <td>1 702 373</td> <td>1 902 305</td> <td>2 072 463</td> </tr> </tbody> </table> <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, exchanged for 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 of the Company 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 	in EUR thousands	31 March 2012 (unaudited)	31 March 2011 (unaudited)	31 December 2011	31 December 2010	31 December 2009	Turnover	32 626	39 146	157 602	314 657	251 531	Operating result	7 271	5 411	39 945	50 967	-254 217	Profit before tax	2 462	-1 140	-47 108	230 819	-364 374	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
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Operating result	7 271	5 411	39 945	50 967	-254 217																																																			
Profit before tax	2 462	-1 140	-47 108	230 819	-364 374																																																			
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																																																			

		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.11	Working Capital	Not Applicable; the Issuer's working capital is sufficient for the Issuer's present requirements.

Section C – Securities

C.1	Description of Securities	64,577,483 new ordinary shares (the “ New Shares ”) to be issued by the Company on 3 September 2012 (the “ Issue Date ”) under ISIN LU0122624777 are being admitted to trading pursuant to the Prospectus.
C.2	Currency	The New Shares are issued in euros.
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.4	Rights Attached to the Shares	The New Shares are subject to the provisions of the articles of incorporation of the Company and carry beneficial rights from 1 January 2012. Each share of the Company gives the right to one vote in general meetings of the Company and entitles each shareholder to dividends.
C.5	Restrictions on the Free Transferability of the Shares	30% of the shares issued to the parties to the 17 April 2012 joint bond restructuring agreement in the context of the bond restructuring will be subject to a lock-up until six months following the completion of the bond restructuring.
C.6	Application for Admission to Trading on a Regulated Market	Application will be made for the New Shares to be admitted to trading on NYSE Euronext Paris (“ Euronext Paris ”), the main market of <i>Burza cenných papírů Praha, a.s.</i> (the “ Prague Stock Exchange ”) and on the main market of <i>Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna</i> (the “ Warsaw Stock Exchange ”), which are regulated markets pursuant to Directive 2004/39/EC. The existing Shares are ordinary shares admitted to trading under ISIN code: LU0122624777 on Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange. The New Shares will be issued under the same ISIN code as the existing Shares and will be fully fungible with them.
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.

Section D – Risks

D.1	Key Risks Relating to the Issuer and its Business	<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> 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
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		<p>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> 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> 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> 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> 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> <p>As a result of bureaucratic difficulties, environmental and heritage protection laws, and time constraints with the administrative authorities in the relevant jurisdictions, the Group may encounter difficulties in obtaining relevant permits for the development of its projects or, more likely, may acquire those permits later than expected or for a lower amount of buildable area.</p> <p><i>The Group is exposed to the risk of illiquidity of real estate investments</i></p>
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		<p>Investments in real estate are relatively illiquid and are generally more difficult to realize than other investments. Proceeds from current or future asset sales may not meet the Group's expectations, or the Group may not be able to sell assets on the expected terms. Disposal of assets could take longer than may be commercially desirable which may have an effect on the timing of a disposal or on the funds received for a disposed property.</p> <p><i>Economic or political developments in Croatia, the Czech Republic, Germany, Hungary, Poland, Russia or Slovakia could have a material adverse effect</i></p> <p>The Group's operations in Croatia, the Czech Republic, Germany, Hungary, Poland, Russia and Slovakia are exposed to risks common to all regions that have recently undergone, or are undergoing, political, economic and social change, including currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, economic recession, local market disruption, labour unrest, changes in disposable income or gross national product, variations in interest rates and taxation policies, levels of economic growth, expected declines in the birth rate and other similar factors. Political or economic instability resulting from the occurrence of any of these risks may adversely affect the real property market in the affected country or countries. The level of risk that the Group faces differs significantly between the different countries where the Group operates.</p> <p><i>The Group is exposed to financing risk</i></p> <p>The Group finances the majority of its real estate developments through borrowings. Although the Company has historically enjoyed positive relationships with several banks, due to the liquidity crisis on the financial markets and to the Safeguard Procedure, the Company and its subsidiaries may be unable to obtain the requisite waivers for covenant non-compliance or extensions on short term loans that finance long term assets and projects. If the Group is unable to obtain the requisite waivers or extensions, it may have to refinance those loans with the risk that loans may not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of the original loans.</p> <p><i>The Group is exposed to liquidity risk resulting from negative cash flow</i></p> <p>The Group had adjusted EBITDA lower than interest expenses for the years ended 31 December 2011, 2010 and 2009 which exposed the Group to liquidity risk. This situation is primarily the consequence of 1) the high proportion of non-income on low income producing assets, and 2) the high loan to value ratio and is specifically addressed in the Safeguard plan. There can be no assurance that the Group will not experience negative cash flow from its operating activities in the future. If it records negative cash flow from its operating activities in future, it may need funding sources to finance its activities, which might not be available on reasonable terms or at all. In addition, the Group may need to sell or refinance assets in order to make debt service payments, potentially on less advantageous terms than those the Group could have realized in the absence of financing constraints.</p>
D.3	Key Risks Relating to the Shares	<p><i>Shareholders may face potential dilution of their shareholdings in the future</i></p> <p>The Issuer has securities and instruments giving access to capital outstanding which are further described in the Registration Document. The conversion of the bonds and the exercise of the warrants and stock options are subject to certain conditions. However, they will dilute the holding of the Shareholders if converted and/or exercised.</p> <p>The holding and voting rights of the Shareholders may be diluted as a result of the issuance by the board of directors of the Company of additional Shares within the authorised capital with exclusion of the existing shareholders' pre-emptive rights.</p> <p><i>Future sale of Shares may affect their market value</i></p> <p>Sales, or the possibility of sales, of substantial numbers of Shares in the public markets, including sales by the Company's principal shareholders, following the Issue could have a material adverse effect on the market price of the Shares or could affect the</p>

		<p>Company's ability to obtain further capital through an offering of equity securities. Subsequent equity offerings may reduce the percentage ownership of the Company's existing Shareholders.</p> <p><i>Returns on the Shares may be limited to capital appreciation</i></p> <p>The distribution of dividends is subject to the discretion of the general meeting of the Shareholders. If the majority of the shareholders present or represented at the general meeting decides not to declare and pay dividends, then returns on investments in the Shares in the foreseeable future will be limited to capital appreciation, if any, and the ability of Shareholders to realise any such returns may be limited by perennial illiquidity in the trading market for the Shares.</p> <p><i>The market price of the Shares could prove to be volatile</i></p> <p>The market price of the Shares depends to a large extent on the value of the Company's real estate portfolio. After the Issue, the price of the Shares may be subject to volatility due in particular to variations in the Company's actual or forecasted operating results, changes in profit forecasts or a failure to meet the profit expectations of securities analysts, a decrease in the market value of the Company's portfolio, general economic conditions and other factors. The general volatility of share prices, in particular within the real estate sector, may also lead to price pressure on the Shares without there necessarily being a reason for this in the business or the earnings outlook of the Company</p> <p>Other than Germany, the Company invests in properties in markets that are generally considered to be less mature than Western European property markets and the price of the Shares may be more volatile than the price of shares of other publicly traded real estate companies that concentrate their investments in Western European markets. Significant decreases in the price of the Shares could result from political or economic developments in the region where the Company invests, rather than any change in the Company's property or business per se.</p> <p><i>The Shareholders could suffer a total loss in the value of their Shares in the event of the Company's insolvency</i></p> <p>In the event of insolvency of the Company, its financial and trade creditors will be entitled to receive payment from the Company's assets before any assets are distributed to its Shareholders. Most of the Company's properties have been pledged as collateral for debt financing and are encumbered with mortgages. If the Company were to be declared bankrupt, there is a high likelihood that all or substantially all of the Company's assets would be used to satisfy claims of its creditors and investors in Shares would suffer a partial or complete loss of their investment.</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 Shares.</p> <p><i>Deduction at source</i></p> <p>Dividends with respect to the Shares will generally be subject to Luxembourg withholding tax at a rate of currently 15% of the gross dividends. This withholding tax may be reduced or eliminated pursuant to an applicable tax treaty or pursuant to Luxembourg domestic tax rules.</p> <p><i>Trading in the Shares on Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange may be suspended</i></p> <p>Each of Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange has the right to suspend trading in shares of a listed company if the company fails to comply with the respective regulations of those exchanges or if such suspension is necessary to protect the interests of market participants or the orderly functioning of</p>
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		the market is temporarily endangered. Any suspension of trading could adversely affect our share price.
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Section E – Offer		
E.1	Net Proceeds	Not Applicable; there are no cash proceeds as the subscription price of the Issue, amounting to € 490 million, corresponds to the amount of the payments under the Safeguard plan for the OPG Bonds to be exchanged for the New Shares.
	Total Expenses	The total expenses of the Issue, corresponding to the fees due to the auditors and the depositaries and to the sundry publishing and administrative costs, amount to approximately EUR 100,000.
E.2a	Reasons for Offer	The Issue restructures 89.9% of the number of OPG Bonds (89.3% of the amount of OPG Bond payments under the Safeguard plan), deleveraging the Group by € 490 million.
	Use of Proceeds	Not Applicable; there are no cash proceeds.
	Net Amount of the Proceeds	Not Applicable; there are no cash proceeds. The subscription price of the Issue amounts to € 490 million and corresponds to the amount of the payments under the Safeguard plan for the OPG Bonds to be exchanged for the New Shares.
E.3	Terms and Conditions of the Offer	<p>89.9% of the bonds listed below will be exchanged for 64,577,483 New Shares, constituting the Issue. The New Shares will be issued to holders of the following bonds issued by the Company (the “OPG Bonds”):</p> <ul style="list-style-type: none"> (i) EUR 50,272,605.30 OBSAR 1 bonds issued 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 on 3 February 2006, ISIN code CZ0000000195 (the “2011 OPG Bonds”); (iii) EUR 24,169,193.39 bonds exchangeable for Sunčani Hvar shares issued on 30 June 2005, ISIN code XS0223586420 (the “2012 OPG Bonds”); (iv) EUR 149,999,928 convertible bonds issued on 1 June 2006, ISIN code FR0010333302 (the “2013 OPG Bonds”); and (v) EUR 175,000,461.60 OBSAR 2 bonds issued on 28 March 2007, ISIN code XS0291838992 / XS0291840626, (the “2014 OPG Bonds”). <p>The New Shares will be issued and allotted to and subscribed on 3 September 2012 by the holders of the OPG Bonds or their representatives (the “Subscribers”) who will subscribe for the New Shares pursuant to subscription agreements entered into among the Company and the holders of the OPG Bonds or their representatives on 24 August 2012 (the “Subscription Agreements”).</p> <p>The issue price of the New Shares is approximately €7.59 per New Share (the “Issue Price”), based on the amount of the OPG Bond payments under the Safeguard plan.</p>
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.5	Selling Entity	Not Applicable; the Company issued the New Shares as a first payment on the Convertible Bonds.
	Lock-ups	30% of the shares (including the New Shares) issued to the parties to the 17 April 2012 joint bond restructuring agreement in the context of the bond restructuring will be subject to a lock-up until six months following the completion of the bond restructuring.
E.6	Dilution	A shareholder of the Company owning 1% of the share capital of the Company prior to the Issue will own 0.354% of the share capital after the Issue.
E.7	Expenses Charged to	Not Applicable; no expenses are charged to investors by the Company.

	Investors	
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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, 29 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 Shares

2.2.1 Shareholders may face potential dilution of their shareholdings in the future

The Issuer has securities and instruments giving access to capital (convertible bonds, warrants, stock options) outstanding which are further described in the Registration Document. The conversion of the bonds and the exercise of the warrants and stock options are subject to certain conditions. However, they will dilute the holding of the Shareholders if converted and/or exercised.

The holding and voting rights of the Shareholders may be diluted as a result of the issuance by the board of directors of the Company (the “**Board of Directors**”) of additional Shares within the authorised capital with exclusion of the existing shareholders’ pre-emptive rights.

2.2.2 Future sale of Shares may affect their market value

Sales, or the possibility of sales, of substantial numbers of Shares in the public markets, including sales by the Company’s principal shareholders, following the Issue could have a material adverse effect on the market price of the Shares or could affect the Company’s ability to obtain further capital through an offering of equity securities. Subsequent equity offerings may reduce the percentage ownership of the Company’s existing Shareholders.

2.2.3 Returns on the Shares may be limited to capital appreciation

The distribution of dividends is subject to the discretion of the general meeting of the Shareholders. If the majority of the shareholders present or represented at the general meeting decides not to declare and pay dividends, then returns on investments in the Shares in the foreseeable future will be limited to capital appreciation, if any, and the ability of Shareholders to realise any such returns may be limited by perennial illiquidity in the trading market for the Shares.

2.2.4 The market price of the Shares could prove to be volatile

The market price of the Shares depends to a large extent on the value of the Company’s real estate portfolio. After the Issue, the price of the Shares may be subject to volatility due in particular to variations in the Company’s actual or forecasted operating results, changes in profit forecasts or a failure to meet the profit expectations of securities analysts, a decrease in the market value of the Company’s portfolio, general economic conditions and other factors. The general volatility of share prices, in particular within the real estate sector, may also lead to price pressure on the Shares without there necessarily being a reason for this in the business or the earnings outlook of the Company

Other than Germany, the Company invests in properties in markets that are generally considered to be less mature than Western European property markets and the price of the Shares may be more volatile than the price of shares of other publicly traded real estate companies that concentrate their investments in Western European markets. Significant decreases in the price of the Shares could result from political or economic developments in the region where the Company invests, rather than any change in the Company’s property or business per se.

2.2.5 The Shareholders could suffer a total loss in the value of their Shares in the event of the Company’s insolvency

In the event of insolvency of the Company, its financial and trade creditors will be entitled to receive payment from the Company’s assets before any assets are distributed to its Shareholders. Most of the Company’s properties have been pledged as collateral for debt financing and are encumbered with mortgages. If the Company were to be declared bankrupt, there is a high likelihood that all or substantially all of the Company’s assets would be used to satisfy claims of its creditors and investors in Shares would suffer a partial or complete loss of their investment.

2.2.6 Legal and tax advice

Potential investors are invited to consult their own advisors regarding the legal, tax, accounting and related aspects of investing in the Shares.

2.2.7 Deduction at source

Dividends with respect to the Shares will generally be subject to Luxembourg withholding tax at a rate of currently 15% of the gross dividends. This withholding tax may be reduced or eliminated pursuant to an applicable tax treaty or pursuant to Luxembourg domestic tax rules.

2.2.8 Trading in the Shares on Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange may be suspended

Each of Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange has the right to suspend trading in shares of a listed company if the company fails to comply with the respective regulations of those exchanges (such as specific disclosure requirements) or if such suspension is necessary to protect the interests of market participants or the orderly functioning of the market is temporarily endangered. There can be no assurance that trading in the Shares will not be suspended. Any suspension of trading could adversely affect our share price.

2.2.9 The Shares may be excluded from trading on Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange

If a company listed on Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange fails to fulfil certain requirements or obligations under the respective laws and regulations of those exchanges, and/or if the orderly stock exchange trading, the safety of trading thereon or investors' interests are endangered, the Shares can be excluded from trading on the said exchanges.

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 Working capital statement, equity and indebtedness

Taking into account the proceeds of the recent capital increases and the approval of the Safeguard plan, the Company is of the opinion that the working capital available for the Company is sufficient for its present requirements, for at least a period of 12 months from the date of the publication of this Prospectus.

The following table shows the capitalisation and indebtedness of the Group as of 31 March 2012 (unaudited).

The table below should be read in conjunction with “Operating and Financial Review” and the Group’s condensed interim consolidated financial statements included elsewhere in this Prospectus. With the exception of the exchange of the Orco Germany bonds for the convertible bonds issued by the Company on 9 May 2012 and the issuance of the 18,361,540 new shares on 14 May 2012 as the first payment on the convertible bonds, there have been no material changes to the information set out below since 31 March 2012.

	As of 31 March 2012
	Actual
	(EUR thousands)
Cash and cash equivalent	35 060
Trading securities	484
Total liquidity	35 544
Current bank debt	617 645
Current portion of non-current debt	121 030
Other current financial debt	368
Current financial debt	739 043
Net current financial indebtedness	703 499
Non-current bank debt	188 051
Bonds issued	172 501
Other non-current financial debt	18 211
Non-current financial indebtedness	378 763
Net financial indebtedness	1 082 262

	As of 31 March 2012 (EUR Thousands)
Total current debt	738 898
Guaranteed	-
Secured ⁽¹⁾	617 868
Unguaranteed/Unsecured ⁽²⁾	121 030
Total non-current debt	385 174
Guaranteed	-
Secured ⁽¹⁾	212 672
Unguaranteed/Unsecured ⁽²⁾	172 502
Shareholders' Equity	274 198
Share capital	69 921
Share premium	415 268
Other reserves	-210 991
Minority interests	10 689
Total	1 408 959

Notes:

- (1) Secured debt consists of banks loans, equity loans, and finance lease liabilities which are entered into by subsidiaries of the Company and are secured by mortgages on properties or pledges on shares of the relevant subsidiaries.
- (2) Unguaranteed/unsecured debt consists of bonds issued by the Group.

3.3 Interest of persons involved in the Issue

The New Shares will be exclusively subscribed by the Subscribers. The Company is not aware of any interests material to the Issue which are held by persons involved in the Issue. The New Shares will be issued and subscribed by the Subscribers as further described in section 5.1.1.2 (*Subscription undertakings*) of this Securities Note.

3.4 Use of proceeds

The subscription price of the Issue amounts to € 490 million, corresponding to the amount of the payments under the Safeguard plan for the OPG Bonds to be exchanged for the New Shares. As such, there are no net cash proceeds. However, the Issue is highly beneficial for the Company since it will reduce the Group's net debt.

The total expenses of the Issue, corresponding to the fees due to the auditors and the depositaries and to the sundry publishing and administrative costs, shall amount to approximately EUR 100,000.

4. INFORMATION CONCERNING THE ISSUE

4.1. Description of the New Shares - Type, category and Settlement Date of the New Shares

The existing Shares are ordinary shares admitted to trading under ISIN code: LU0122624777 on Euronext Paris, the Prague Stock Exchange and the Warsaw Stock Exchange. The Shares are classified under sector 86: "Real Estate" and sub-sector 862: "Real Estate Holding and Development" in the FTSE. The New Shares will be issued under the same ISIN code as the existing Shares and will be fully fungible with them.

The New Shares that will be issued under the Issue will be subject to the provisions of the articles of incorporation of the Company and will carry beneficial rights from January 1st, 2012. They shall carry the right in respect of the financial year 2012 and subsequent financial years, to the same dividend (equal by reference to their accounting par value) as that which may be paid in relation to the other Shares carrying the same beneficial rights.

They shall therefore rank *pari passu* with such other Shares with effect from the due date for payment of the dividend relating to the preceding financial year, or, if none is distributed, after the annual meeting considering the accounts for said financial year.

4.2 Jurisdiction and applicable law

4.2.1 Applicable law

The terms and conditions of the New Shares and of the Shares are governed by Luxembourg law.

4.2.2 Competent courts

The competent courts in the event of disputes 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 Shares

The Shares (including for the avoidance of doubt the New Shares) have the same accounting par value and are of the same category. The Shares will be either in the form of registered shares or in the form of bearer shares, at the option of the Shareholder, except to the extent otherwise provided by law.

The Shareholder can sell or transfer the shares subject to the relevant statutory limitations.

The Shares are indivisible and the Company only recognises one holder per Share. If there are several owners per Share, the Company will be entitled to suspend the exercise of all rights attached until the appointment of a unique person as owner of the Shares. It will be the same in the case of conflict between the usufructuary and the bare owner or between a debtor and the creditor.

Settlement and delivery of the Shares

Euroclear France, with offices at 13 rue Réaumur, F - 75081 Paris - CEDEX 02, is the French central depository system through which all securities listed and traded on Euronext Paris S.A. are held on behalf of persons holding securities accounts with the financial intermediaries (*intermédiaire financier habilité*) authorised to maintain accounts therein.

Shares are held and transferred through book-entry form in accounts opened with one or more financial intermediaries with Euroclear France.

The persons shown in securities accounts of a financial intermediary authorised to maintain accounts with Euroclear France as the holders of the Shares will not be entitled to receive physical delivery of definitive certificates evidencing interests in the Shares, will not be considered owners or holders thereof and will only be able to transfer their interests in accordance with the rules and procedures of Euroclear France and other relevant additional clearing systems.

Shareholders may also hold Shares by being directly recorded in the Shareholders register kept in Luxembourg by or on behalf of the Company or by directly holding a bearer Share, thus taking their Shares out of the Euroclear France clearing system.

Transfer of Shares and settlement (delivery and payment) of transactions on the Prague Stock Exchange, on Euronext Paris and on the Warsaw Stock Exchange will, however, only be effected through a settlement system recognised by the Prague Stock Exchange, Euronext Paris and the Warsaw Stock Exchange, as the case may be.

Only Shares in bearer form held directly or indirectly through Euroclear France can be traded on Euronext Paris. Shareholders directly recorded in the Company's Shareholder register or holding definitive bearer

Shares must therefore, in order to be able to trade their Shares on Euroclear France, deposit them first with Euroclear France.

Settlement of the transactions executed on Euronext Paris will be cleared through Clearnet S.A. and will be recorded in book-entry form on securities accounts of a financial intermediary authorised to maintain accounts with Euroclear France.

Centrální depozitář cenných papírů a.s., with offices at Rybná 14, Praha 1, Czech Republic, a wholly owned subsidiary of the Prague Stock Exchange, is licensed by the Czech National Bank primarily to settle trades on the Prague Stock Exchange.

The settlement of the transactions concluded on the Warsaw Stock Exchange takes place outside the Warsaw Stock Exchange through the KDPW, a Polish National Depository for Securities, with offices at 4 Książęca Street 00-498 Warsaw, Poland.

Centrální depozitář cenných papírů a.s., and KDPW (the “**Clearing Houses**”) are accountholders with Clearstream Banking, société anonyme, with offices at 42 avenue JF Kennedy, L-1855 Luxembourg (“**Clearstream**”) which in turn holds an account with Euroclear France.

The Clearing Houses will record interests of clients of the Clearing Houses’ accountholders in the Shares in book-entry form in accordance with the relevant local regulations of book-entry securities.

Transfers of the interests in the Shares between the Clearing Houses’ accountholders will be effected in accordance with the rules and operating procedures of the Clearing Houses, Clearstream and Euroclear France. Trading in the Shares on the Prague Stock Exchange and on the Warsaw Stock Exchange will be settled only through the relevant clearing systems and will be recorded in book-entry form.

Investors should take note that trades involving the transfer of Shares between different exchanges may result in delays, which may be more significant than trades executed on the same exchange. Investors should obtain information from the relevant exchanges and the relevant Clearing Houses about the exact procedures and delays associated with such cross-exchange trades.

Trades in the Shares concluded on the Prague Stock Exchange, on Euronext Paris and on the Warsaw Stock Exchange will not result in any change in the holder of the Global Certificate.

4.4 Issue currency

The New Shares will be issued in euros.

4.5 Rights and restrictions attached to the Shares

The New Shares will be subject to all the provisions of the Company’s articles of incorporation.

Pursuant to the current articles of incorporation of the Company, the main rights attached to the New Shares are described below.

Dividend rights

The New Shares will be issued at the accounting par value (i.e. € 4.10) with a share premium of approximately €3.49 per New Share.

Dividends expire according to the legal term of limitation, i.e. 10 years.

By law, and subject to any preference shares that may be issued in future, the holders of ordinary shares are entitled to receive dividends in proportion to the amount of capital that they represent.

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.

Interim dividends may be paid by the Board of Directors within the conditions provided for by the articles of association of the Company.

The credit balance on the profit and loss account, after deduction of the general expenses, social charges, write-offs and provisions for past and future contingencies as determined by the board of directors of the Company, represents the net profit.

Pursuant to Luxembourg law, the Company must allocate at least one twentieth of the net profits to the creation of a reserve which allocation ceases to be compulsory when the reserve has reached 10% of the issued share capital.

The remaining balance of the net profit is at the disposal of the general meeting of the shareholders of the Company, which can decide to distribute such profit in the forms of dividends to the shareholders. The amount of any dividends paid to the shareholders of the Company may not exceed the amount of the profits at the end of the last financial year plus any profits carried forward and any amounts drawn from reserves which are available for that purpose, less any losses carried forward and sums to be placed in reserve in accordance with the law or the articles of association.

Dividends, when payable, will be distributed at the time and place fixed by the board of directors of the Company within the limits of the decision of the general meeting of the shareholders of the Company. Interim dividends may be paid by the board of directors of the Company within the conditions provided for by the Luxembourg law of 10 August 1915 on commercial companies, as amended (the “**Companies Act 1915**”). Subject to Luxembourg law, and subject to any preference shares that may be issued in future, all Shares (including for the avoidance of doubt, the New Shares) are entitled to participate equally in dividends when, and if declared by the annual ordinary general meeting of the shareholders of the Company, out of funds legally available for such purposes.

Consequently, any shareholder, irrespective of their place of residence, shall receive dividends pro rata to the number of Shares held, when dividends are payable and are distributed by the general meeting of the shareholders of the Company.

Distributions that have not been claimed within five years after the date on which they became due and payable revert to the Company. No interest shall be paid on dividends declared but not paid which are held by the Company on behalf of Shareholders.

Dividend restriction

Not applicable

Rights to share in any surplus in the event of liquidation

Each Share carries entitlement to ownership of the corporate assets, the sharing of profits and the liquidation surplus in a proportion equal to the portion of share capital it represents, taking into consideration, where applicable, any amortized and non-amortized, paid-up and non paid-up capital, of the nominal amount of the shares and of the right of the shares of different categories.

Shareholders only incur the losses of the company in amounts equal to their contributions.

The decisions to liquidate, dissolve or wind-up the Company require the approval of at least two-thirds of the votes cast at a general meeting of the shareholders of the Company where at least 50% of the issued capital is present or represented.

Redemption or Conversion Provisions

The articles of association of the Company do not provide for any redemption or conversion provisions.

Voting rights

In accordance with the Companies Act 1915, each Share carries entitlement to one vote at the general meetings of Shareholders.

Convening of Shareholders who hold their Shares with Euroclear France

The annual general meeting of the Shareholders meets in Luxembourg, at the registered office of the Company or at any other location indicated in the convening notice on the last Thursday of April at 2:00 pm, Luxembourg time. If that day is a legal holiday, the meeting shall be held on the next following business day in Luxembourg. Extraordinary general meetings of the Shareholders are convened in accordance with Luxembourg law and the articles of incorporation of the Company.

The Company shall send the information pertaining to Shareholders, among other things information relating to the general meetings, including the agenda of said meetings and, for extraordinary general meetings of the Shareholders, the place and time of such meetings, directly to Euroclear France (and to CACEIS Corporate Trust which is responsible for the servicing of the Shares). The latter shall promptly notify the authorised financial intermediaries affiliated to Euroclear France requesting such information, and publish the convening notices to attend the general meetings in the French national financial newspaper (which is expected to be *La Tribune* or *Les Echos*) in addition to the convening notices published by the Company in Luxembourg in accordance with its articles of incorporation.

Exercise of the voting rights of Shareholders who hold their Shares with Euroclear France

In order to exercise their voting rights, Shareholders who hold their Shares through Euroclear France shall:

- give their voting instructions in the form of a proxy to their authorised financial intermediary which shall send them to CACEIS Corporate Trust which is responsible for servicing the Shares, which in turn shall send these voting instructions before the general meeting of the Shareholders to the representative appointed in the proxy who shall exercise them in accordance with the instructions given. It is however specified that CACEIS Corporate Trust may be appointed as representative;

- prove their status as Shareholder. This proof must be in the form of a certificate drawn up free of charge by the authorised financial intermediary which is the account holder of the Shareholder, confirming the unavailability of the Shares registered in this account until the date of the meeting (the “**Blocking**”).

Certificate)). The Blocking Certificate shall be sent by the authorised financial intermediary to CACEIS Corporate Trust, which in turn shall send it, as appropriate, to the representative named in the proxy.

Preferential subscription rights

In accordance with the Companies Act 1915, Shareholders are entitled to a preferential right of subscription to new Shares, which may be limited or cancelled by the general meeting of the Shareholders or by the Board of Directors, if authorised by the former.

Corporate Actions

Exercise of Shareholders rights

The Clearing Houses' accountholders or any persons holding their Shares through a securities settlement system must rely on the rules and procedures of Euroclear France, Clearstream and the respective Clearing House to exercise any rights and obligations of a holder of Shares.

The Clearing Houses' accountholders or any persons holding their Shares through a securities settlement system may attend and vote at a general meeting of Shareholders by presenting at the place indicated by the Board of Directors at least five days prior to the date set for the meeting a certificate indicating, inter alia, the number of Shares held and delivered by the broker, bank, custodian, dealer or other qualified intermediary with which the Shares are held.

The Shares which are the object of such a certificate must be blocked until after the holding of the general meeting of Shareholders and may be transferred only after the holding of such meeting; such blocking will result from the certificate.

The Clearing Houses' accountholders may vote by ballot paper (formulaire), subject to the internal rules of the relevant securities settlement system, by giving relevant instructions as to how to exercise their vote to the broker, bank, custodian, dealer or other qualified intermediary with which their Shares are held.

Payments on the Shares through the clearing system

The Clearing Houses' accountholders or any persons holding their Shares through a securities settlement system must look solely to Euroclear France, Clearstream and the respective Clearing House for its Share of each payment made by the Company in relation to all the rights arising under the Global Certificate, subject to and in accordance with the rules and procedures of Euroclear France, Clearstream and the respective Clearing House.

Such accountholders shall have no claim directly against the Company in respect of payments due on the Shares for so long as the Shares are represented by the Global Certificate and such obligations of the Company will be discharged by payment to CACEIS Corporate Trust, which is in charge of the securities (service des titres) and financial services (service financier) in respect of Shares held through Euroclear France.

Those who hold interests in the Global Certificate through Euroclear France, Clearstream and the Clearing Houses will receive payments subject to and in accordance with the rules and procedures of the relevant clearing system.

Distribution of dividends and other payments with respect to the book-entry interests in the Shares held through Euroclear France will be credited, to the extent received by CACEIS Corporate Trust, to the cash accounts of Euroclear France accountholders in accordance with the Euroclear France system rules and procedures.

Distribution of dividends and other payments with respect to the book-entry interests in the Shares held through the Clearing Houses will be credited, to the extent received by the Clearing Houses, to the cash accounts of the Clearing Houses' members in accordance with the Clearing Houses' system rules and procedures for further distribution to the Clearing Houses' accountholders.

4.6 Resolutions and authorisations by virtue of which the New Shares will be issued

4.6.1 Resolution of the extraordinary general meeting of Shareholders

At the extraordinary general meeting of the Shareholders of April 28, 2011, the Shareholders voted in favour of reiterating an authorised capital in favour of the Board of Directors in an amount of € 410,000,000 for a further period of 5 years ending 28 April 2016. At the extraordinary general meeting of the Shareholders of June 28, 2012, the Shareholders voted to increase the amount of this authorised capital to € 473,582,861.50.

4.6.2 Decision of the Board of Directors

In its meeting on 9 April 2012, the Board of Directors voted in favour of issuing the New Shares without preferential subscription rights for Shareholders to the Subscribers and has granted powers to authorized representatives to effectively issue the shares on behalf of the Company on the Issue Date.

The subscription price of the Issue amounts to € 490 million, corresponding to the amount of the payments under the Safeguard plan for the OPG Bonds to be exchanged for the New Shares. As such, there are no net cash proceeds. The value of the contribution in kind of the OPG Bonds in exchange for the New Shares has been appraised by the auditor HRT Révision S.A. in accordance with Luxembourg laws.

4.7 Issue date of the New Shares

It is expected that the New Shares will be issued on 3 September 2012 (the “**Issue Date**”).

4.8 Restriction on the free trading of the New Shares

30% of the shares issued to the parties to the 17 April 2012 joint bond restructuring agreement in the context of the bond restructuring will be subject to a lock-up until six months following the completion of the bond restructuring.

4.9 Applicable legislation on public offerings

Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 (the “**Takeover Directive**”) and the Luxembourg act dated 19 May 2006 on public takeovers (the “**Public Takeovers Act**”), which has implemented the Takeover Directive into Luxembourg law, provide that the law applicable for supervising a takeover bid in respect of the Company (and related questions, such as matters relating to the consideration offered in the context of a takeover bid, in particular the price, and matters relating to the takeover bid procedure, in particular the information on the offeror’s decision to make a bid, the contents of the offer document and the disclosure of the bid) would be the law of the EU Member State (or an EEA Member State) where the shares in the Company have first been admitted to trading and listed on a regulated market (as determined by Directive 2004/39/EC), *i.e.* French law.

The Takeover Directive however specifies that matters regarding company law (and related questions such as, for instance, matters relating to the information to be provided to the employees of the Company), in particular the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch an offer or the conditions under which the board of the Company may undertake any action which might result in the frustration of the bid, will exclusively be governed by the applicable rules of the EU Member State in which the Company in question has its registered office, *i.e.* Luxembourg law. Other laws and regulations may impose obligations with respect to mandatory takeover bids.

4.9.1 Mandatory Bid

The Takeover Directive and the Public Takeover Act specify that where a person acquires a specified percentage of voting rights in that company, giving him/her control of that company, it shall be required to launch a mandatory bid. The percentage giving control is a matter of Luxembourg law and is 33 1/3%.

If such a mandatory bid has to be launched, articles L.433-3 *et seq.* of the *Code Monétaire et Financier* and Articles 234-I *et seq.* of the General Rules and Regulations of the *Autorité des Marchés Financiers* provide for the conditions for filing a public offer in respect of whole share capital of the Company.

4.9.2 Right of squeeze-out

Pursuant to Luxembourg law, should any offeror hold Company’s securities representing not less than 95% of the capital carrying voting rights and 95% of the voting rights of the Company as a result of a takeover bid, such offeror would be entitled to squeeze-out minority Shareholders.

In accordance with Luxembourg rules, such offeror may exercise such right of squeeze-out within three months following the end of the initial takeover bid.

The CSSF shall ensure that a fair price is guaranteed.

4.9.3 Sell-out

Pursuant to the Public Takeover Act, should a bidder hold securities representing more than 90% of the Company’s capital carrying voting rights following a bid made to all the holders of the Company’s securities for all of their securities, a minority Shareholder would be entitled to require the offeror to buy his/her securities from him/her at a fair price.

The CSSF shall ensure that a fair price is guaranteed.

4.9.4 Board opinion

The Board of Directors shall publish a document setting out its opinion on the takeover bid and the reasons on which it is based, including the bid’s impact on the Company’s interests, and analyzing, in particular, the bid’s impact on employment and the bidder’s proposed strategy for the Company.

4.9.5 Employees' information

The Public Takeover Act involves employees' representatives in the takeover process by providing for the duty of the Company's board to inform the employees of the Company about the takeover bid.

4.9.6 Breakthrough rules

The Shareholders of the Company may elect, by special Shareholders' vote to be notified to the CSSF and to the supervisory authorities of Member States in which the Shares are admitted to trading on regulated markets or where such admission has been requested, to apply the breakthrough rules. If such breakthrough rules apply, (i) any share transfer restrictions contained in certain Shareholders' agreements shall not be binding on the offeror and (ii) at the general meeting of the Shareholders which decides on any defensive measures any restrictions on voting rights provided for in the articles of association of the target company or in certain Shareholders' agreements shall not have effect.

4.9.7 Defensive measures

The Shareholders of the Company may elect, by special Shareholders' vote to be notified to the CSSF and to the supervisory authorities of Member States in which the Shares are admitted to trading on regulated markets or where such admission has been requested, to prohibit its management from taking defensive measures, other than seeking a competing bid, during a takeover bid, without being authorized to do so by a separate resolution passed at a Shareholders' meeting.

4.9.8 Disclosure obligations

The information provided under this paragraph is not intended to be exhaustive and other laws or regulations imposing similar or additional disclosure obligations on the Company may exist on specific stock exchanges where the shares are listed.

The law of 11 January 2008 concerning transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and transposing the Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on regulated market provides that every time a natural person or legal entity acquires or disposes of shares, where Luxembourg is the home Member State of the issuer, so that the proportion of shares held by that shareholder reaches, exceeds or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3%, he must notify the issuer of the proportion of voting rights held.

Shareholders must also notify the issuer of the proportion of voting rights, where that proportion reaches, exceeds or falls below the thresholds mentioned above as a result of events changing the breakdown of voting rights. In cases, where the issuer of shares itself acquires or disposes of own shares, a publication requirement is triggered when thresholds of 5% and 10% are reached, exceeded or undercut. Such person must notify the CSSF and the company whose shares or securities representing such shares are listed on stock exchanges situated or operating within one or more EU member states, of the proportion of such person's or legal entity's voting rights following that acquisition or disposal.

All the information contained in the shareholder's notification to the issuer must be published by the issuer at the latest three business days upon receipt. The information must be submitted to the CSSF at the latest at the moment of its publication.

In Luxembourg, the shareholder's declaration can be notified either in the French, German or English language to such listed company and to the CSSF within six calendar days after the transaction took place.

For the purposes of determining whether a natural person or legal entity shall be regarded as holding a certain percentage of voting rights, the voting rights held by third parties which are controlled by that person or entity, or for which that person or entity has entered into a written agreement which obliges them to adopt by concerted exercise of the voting rights they hold a lasting common policy towards the management of the listed company, are also taken into consideration. In case of a group of undertakings, the required disclosure may under certain circumstances be made by the parent undertaking on behalf of the group member actually acquiring or disposing of the shares.

The disclosure requirements do not apply to the acquisition or disposal of a major holding by a professional dealer in securities insofar as the acquisition or disposal is effected in his capacity as a professional dealer in securities and insofar as the acquisition is not used by the dealer to intervene in the management of the company concerned.

The voting rights attached to the shares of the company owned by any person who has failed duly to notify the company and the CSSF in one of the above circumstances are suspended as long as sufficient information

regarding the acquisition or disposal of the shares in the company is not duly notified and published. In addition, upon request of the company, a shareholder of the company or a third party having an interest, a Luxembourg court (if competent) may nullify a resolution adopted by the general meeting of the shareholders of the company, if it determines that such resolution has only been adopted through the exercise of the suspended voting rights.

According to Article 26 of the articles of incorporation of the Company, any Shareholder exceeding, either up or down, the thresholds of 2.5%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% of total voting rights shall be bound to inform the Company regarding that fact, and the Company shall in turn be bound to inform its supervisory authorities within eight days of the event. No sanction is provided by the articles of incorporation for failure of the Shareholder to do so, although there may be other sanctions and penalties imposed by law, including fines and/or the suspension of voting rights.

4.10 Recent takeover bids

No takeover bid was launched with respect to the capital of Orco during the last financial year or the current financial year.

4.11 Taxation in Luxembourg

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 Shares. Each prospective holder or beneficial owner of Shares should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposition of the Shares.

The Issuer takes responsibility for the deduction of withholding tax.

4.11.1 Dividends

Any amount paid by a Luxembourg entity under the form of a dividend should be subject to a 15% withholding tax.

Luxembourg resident corporate Shareholders

However no dividend withholding tax applies on dividends paid by to a Luxembourg resident corporate Shareholder (that is, a fully taxable *collectivité* within the meaning of Article 159 of the Luxembourg Income Tax Law), which meets the qualifying participation test (that is, a shareholding exceeding 10% or having an acquisition cost in excess of €1.2 million held for a minimum one year holding period). If such exemption from dividend withholding tax does not apply, a Luxembourg resident corporate Shareholder will be entitled to a tax credit.

Luxembourg resident individual Shareholders

Luxembourg withholding tax on dividends paid to a Luxembourg resident individual Shareholder will entitle such Luxembourg Shareholder to a tax credit.

Non-Luxembourg resident Shareholders

Non-Luxembourg Shareholders, provided they are resident in a country with which Luxembourg has concluded a treaty for the avoidance of double taxation, may be entitled to claim treaty relief under the conditions and subject to the limitations set forth in the relevant treaty.

A non-resident corporate Shareholder resident in a EU Member State will be able to claim an exemption from Luxembourg dividend withholding tax under the conditions set forth in the EU Parent-Subsidiary Directive as implemented in Luxembourg

4.11.2 Capital gains

Luxembourg resident individual Shareholders

For Luxembourg individuals, income in the form of dividends or capital gains will normally be subject to individual income tax at the applicable progressive rate (the top marginal tax rate is 38%), plus an unemployment fund contribution levied thereon at the rate of 2.5%. Such dividends may benefit from the 50% exemption set forth in Article 115(15a) of the Luxembourg Income Tax Law, subject to fulfillment of the conditions set out therein. Capital gains will only be taxable if they are realized on a sale of shares, which takes place within the first six months following their acquisition, or if the relevant Shareholder holds a participation of more than 10%.

Luxembourg resident corporate Shareholders

For Luxembourg companies, income in the form of dividends or capital gains will be subject to corporate income tax and municipal business tax. The combined rate for these two taxes (including an unemployment fund contribution of 4%) is 28.59% in the city of Luxembourg. Such dividends may benefit either from the 50% exemption set forth in Article 115(15a) of the Luxembourg Income Tax Law or from the full exemption set forth in Article 166 of the Luxembourg Income Tax Law, subject in each case to fulfillment of the respective conditions set out therein. Capital gains realized on the sale of shares may benefit from the full exemption provided for by Article 166 of the Luxembourg Income Tax Law and by the Grand Ducal Decree of December 21, 2001, as amended, subject in each case to fulfillment of the conditions set out therein.

Non-Luxembourg resident Shareholders

An individual or corporate non-Luxembourg Shareholder who/which realizes a gain on disposal thereof (and who/which does not have a permanent establishment in Luxembourg to which the shares would be attributable) will only be subject to Luxembourg taxation on capital gains arising upon disposal of such shares if such Shareholder has (together with his or her spouse and underage children) directly or indirectly held more than 10% of the capital, at anytime during the past five years, and either (i) such Shareholder has been a resident of Luxembourg for tax purposes for at least 15 years and has become a non-resident within the last five years preceding the realization of the gain, subject to any applicable tax treaty, or (ii) the disposal of shares occurs within six months from their acquisition, subject to any applicable tax treaty.

A corporate non-Luxembourg Shareholder (that is, a *collectivité* within the meaning of Article 159 of the Luxembourg Income Tax Law), which has a permanent establishment in Luxembourg to which the shares would be attributable, will bear corporate income tax and municipal business tax on dividends received and/or a gain realized on a disposal of such shares under the same conditions applicable to a Luxembourg resident corporate Shareholder, as set out above.

Finally, under Luxembourg tax laws currently in force, no Luxembourg withholding tax is due on the payment of a liquidation surplus.

4.12 Taxation in France

The following provisions describe the taxation consequences applicable to Company shareholders. This statement is based on French legal provisions currently in force and is liable to be affected by any changes made to applicable French taxation legislation in force and to its interpretation by the French taxation authorities.

Investors' attention is drawn to the fact that their personal situation should be reviewed with their usual taxation adviser. French non-residents for tax purposes should comply with the taxation legislation in force in their State of residence, subject to the application of taxation agreements signed between France and that State.

The Issuer takes responsibility for the deduction of withholding tax.

4.12.1 French Residents for Taxation Purposes

French shareholders, being individuals holding Shares in the context of their private portfolio and not carrying out stock market transactions on a regular basis

Income from Dividends

Individuals domiciled in France for tax purposes may choose:

- Either to be taxed on the progressive scale for income tax for dividends and similar distributions;
- Or by a flat rate withholding tax of 19% on dividends and similar distributions;

The option for a flat rate withholding tax is to be exercised at the latest upon receipt of dividends.

Where the contributor has not made known his intention to opt, he is considered as having placed himself implicitly under the taxation scheme for income tax at a progressive scale, revenues received being then taken into account in calculating global revenue.

Taxation at progressive scale income tax:

Dividends distributed by the Company will be taken into account in calculating shareholders global taxable revenue in the category of portfolio capital for the year in which they are received. These dividends will be subject to income tax at a progressive rate after application of the first overall allowance of 40% on the total of revenue distributed and a second fixed allowance after taking into account the allowance of 40% mentioned above and deductible expenses and costs. This second allowance comes to 3,050 Euros for married couples and civil partners subject to joint taxation and to 1,525 Euros for single persons, widows, divorcées and married couples or partners in a civil agreement subject to separate taxation.

These dividends will give rights, in application of article 200 f of the General Taxation Code to a tax credit of 50% of the total of dividends received before application of the two allowances mentioned above. This tax

credit has an annual ceiling of 230 Euros for married couples and partners in a civil agreement subject to joint taxation and to 115 Euros for single persons, widows, divorcées and married couples or partners in a civil agreement subject to separate taxation. This tax credit of 50% with its ceiling is chargeable against the total amount of income tax to be paid relating to the year of receipt of the dividend and is repayable in the event of an excess greater than or equal to 8 Euros.

Moreover dividends distributed by their Company shall also be subject to:

- social security contributions (CSG) at the rate of 8.2%, of which 5.8% is deductible from taxable revenue for income tax purposes for the year of payment of the CSG;
- social security charges deduction of 2.2%, non-deductible from taxable revenue
- additional contributions to social security deduction of 2.2%, at the rate of 0.3% and 1.1% non-deductible from taxable revenue; and
- social debt repayment tax (CRDS) at a rate of 0.5%, non-deductible from taxable revenue.

These social deductions (CSG, CRDS), social security deductions and additional contributions to social deductions are applied to the total of dividends distributed before allowances.

Option for flat rate withholding against Income tax:

This option may only be exercised by residents for tax purposes in France receiving dividends or income from Shares in the capacity of partners or shareholders.

With some exceptions, income which may give rise to an option is the same income which gives rights to an allowance of 40%. In particular it concerns distributions (i) resulting from a properly constituted decision by competent company bodies and relates to shareholders who have this capacity (ii) of companies subject to Corporation Tax or an equivalent tax or opting to be subject to Corporation Tax (iii) companies having their registered office in a European Union State or in a State or territory having entered into a taxation agreement with France with a view to avoiding double taxation relating to income tax.

From this optional regime is excluded income from Shares held in PEAs as well as revenue taken into account in calculating taxable profits of an industrial, commercial, trade or agricultural business (BIC or BA) or of a non-commercial business (BNC).

The 40% allowance (and therefore the annual allowance and tax credit) do not apply to dividends received from 1st January 2008 where during the same year an option for flat rate withholding tax has been exercised (non-cumulative rule).

Gross dividends are subject to flat rate withholding tax of 19%.

Moreover dividends distributed by the Company shall also be subject to:

- Social security contributions (CSG) at a rate of 8.2%, non-deductible in income tax computation;
- Social security contributions of 2.2%, non-deductible in income tax computation;
- additional contributions to social security deduction of 2.2%, at the rate of 0.3% and 1.1% non-deductible from taxable revenue; and
- Social debt repayment tax (CRDS) at a rate of 0.5%, non-deductible in income tax computation.

Income from Capital gains

Net capital gains made on the sale of Company Shares during any given year will be taxable in full (excluding sales benefiting from taxation deferral or exempt sales of Shares held in the context of a share savings plan made during the same year).

Taxable capital gains will also be taxed as follows:

- 19% for income tax

And from the 1st euro:

- 8.2% for social security contributions (CSG), non-deductible in income tax computation ;
- 2.2% for social charge deduction , non-deductible in income tax computation;
- 0.3% for additional contribution to social security contribution non-deductible in income tax computation;
- 1.1% for additional contribution to social security contribution non-deductible in income tax computation and;
- 0.5% for social debt repayment tax (CRDS), non-deductible in income tax computation.

By application of article 150-0 D a of the General Taxation Code in the calculation of Income tax at a proportional rate currently set at 19%, capital gains on sales of Company Shares are reduced by an allowance of one third for each year they are held beyond the fifth year subject to the taxpayer being able to demonstrate the term and the continuous nature of holding the Company Shares sold.

In application of the said article, the holding term is counted from 1st January of the year of acquisition of or subscription for the Shares or the rights (and in relation to shares or rights acquired or subscribed for before 1st January 2006, from 1st January 2006); in relation to the sale of shares or rights after the closing of a share savings plan which has functioned in compliance with the provisions of articles L.221-30, L.221-31 and L.221-32 of the monetary and financial code (« PEA ») or will be then withdrawn after the eighth year from

the date of opening the PEA, this term is counted from 1st January 2006 or, after this, from 1st January of the year during which the transferor has ceased to benefit, in relation to the shares, from the special PEA scheme. In compliance with the provisions of article 150-0 D 11 of the General Taxation Code, capital losses which may be suffered in any year may be set off against capital profits of the same type made during the same year or the following 10 years.

Wealth Tax

Company Shares held by individuals in the context of their private portfolio will be included in their taxable assets subject to Wealth tax, as appropriate.

Inheritance and donation rights

Company Shares acquired by individuals by way of inheritance or donation will be subject to inheritance or donation rights.

French shareholder entities subject to Corporation Tax

Income from dividends

Entities not having the capacity of holding company in France

Entities holding less than 5% of capital (financial and voting rights) in the Company (with the exception of those holding a participation in the Company fulfilling the conditions of article 145-9 of the General Taxation Code and for which an option for the Holding Company scheme has been exercised) do not have the capacity of holding companies in the application of the scheme provided for in articles 145 and 216 of the General Taxation code.

Dividends received by these entities are taxable under the terms and conditions of statutory law, that is to say in principle at the usual rate of corporation tax currently set at 33% increased by social security contributions of 3.3% (article 235 c ZC of the General Taxation code) which applies to the total corporation tax reduced by an allowance which may not exceed 763,000 Euros for any period of 12 months.

In application of article 219 I b and 235 c ZC of the General Taxation code, some entities are able to benefit from a reduction in the corporation tax rate of 15% and exemption from the 3.3% social security contribution.

Entities benefiting from the holding and subsidiary company scheme

In compliance with the provisions of articles 145 and 216 of the General Taxation code, entities holding at least 5% of share capital (financial rights and rights to vote) as well as those holding participations in the Company fulfilling the conditions of article 145-9 of the General Taxation code may benefit, under certain conditions and optionally from the holding and subsidiary companies scheme by virtue of which dividends received by holding companies are not subject to corporation tax except for a share of these dividends representing expenses and costs borne by this company; this share is equal to 5% of the total of the said dividends without however exceeding for each taxable period the total amount of expenses and costs of any type borne by the holding company during the financial year under consideration.

Income from capital gains

Capital gains made and capital losses suffered at the time of the sale of portfolio shares are subject to corporation tax at the statutory rate of 33% increased by social contributions of 3.3% (article 230 5C ZC of the General Tax Code (CGI)) which is applied to the total corporation tax, decreased by an allowance which may not exceed 763,000 Euros in any one period of 12 months

Shares not falling within the definition given in the third paragraph of article 219 I a of the General Taxation code, whose cost price is at least 22 800 000 Euros and which fulfill the conditions giving rights to the holding company and subsidiary company tax scheme mentioned in articles 145 and 216 of the General Taxation Code other than holding a minimum of 5% in the share capital of the subsidiary, cease to be eligible to a reduced rate of tax for long-term capital gains and fall within the statutory taxation scheme described in the preceding paragraph.

Within the application of article 219 I of the General Taxation code, in particular, are participating shares, shares of this type for accounting purposes as well as under certain conditions shares acquired in the execution of a public offering for purchase or exchange by the company initiating it as well as securities giving rights to the holding company and subsidiaries taxation scheme mentioned in articles 145 and 216 of the General Taxation code, except for shares in companies which are predominantly property companies.

In compliance with the provisions of article 219 I a mentioned above and for participating shares held for more than two years, only a share in the expenses equal to 5% of the net profit on capital gains on sales is taken into account in determining the taxable profit for corporation tax at the statutory rate.

The conditions for setting-off and carrying forward long-term capital losses follow specific taxation rules and taxpayers concerned are invited to contact their tax adviser to determine the rules applicable to them.

Some entities are able under the terms and conditions provided for by articles 219 I b and 235 c ZC of the General Taxation code, to benefit from a reduction in the corporation tax rate of 15% and exemption from the 3.3% social security contribution.

4.12.2 Non Residents for French Taxation Purposes

Income from dividends

By virtue of French law, dividends distributed by a company whose registered office is situated in France to its shareholders whose taxation domicile or registered office is situated outside of France, in principle, are subject to a withholding tax of 25% (50% for non-cooperative countries or territories).

Where it is of benefit to individuals having their taxation domicile in a State which is part of the agreement on the European Economic Area (except Lichtenstein), including Norway and Iceland, the rate for withholding at source is set at 19%.

However, shareholders whose effective head office is situated in a member State of the European Community may under the conditions of article 119 ter of the General Taxation code, benefit from an exemption from withholding at source.

Moreover, shareholders whose tax domicile or registered office is situated in a State, connected to France by an international taxation agreement are able, under certain conditions relating in particular to compliance with procedures for granting prescribed benefits, to benefit from a partial or total reduction in the amount withheld at source.

Dividends paid by a French company to a shareholder who is resident in a State having entered into a taxation agreement with France with a view to avoiding double taxation may benefit at the time of their payment, to a reduced rate of the sum withheld at source provided for by the applicable agreement, under the terms and conditions provided or by the administrative order dated 25th of February 2005 (4 J-1-05), upon presentation, by the non-resident shareholder of a certificate of residence stamped by the taxation authorities of the residence State.

Non-resident shareholders not presenting such a certificate before the due date for payment of dividends will, at the time of payment of the dividends, be subject to withholding at source at a rate of 25% or 19% as the case may be. The reduction in this withholding at source on the basis of the prescribed rate may be granted later by way of set off or by the repayment of tax paid over and above the prescribed rate, conditional upon the recipients of these dividends completing a prescribed form under the terms and conditions provided for by the instruction mentioned above.

Individual shareholders benefiting from a taxation agreement with France which provides for the transfer of tax credits, could have the right to a reimbursement of tax, subject to fulfilling the conditions provided for by the agreement to benefit from this transfer and complying with the procedures for granting this tax credit later set by the French tax authorities.

It is for the Company shareholders concerned to contact their usual taxation adviser in order to determine the terms of application of the prescribed rate for the withholding tax on dividends and as appropriate the transfer of tax credits mentioned above.

Income from capital gains

Capital gains realised at the time of sales for value of Company Shares acquired made by persons who are not domiciled in France for tax purposes within the meaning of article 4B of the General Taxation code or whose registered office is situated outside of France will usually be exempted from French taxation insofar as these capital gains are not attachable to a permanent establishment or a fixed base subject to taxation in France or that rights held directly or indirectly by the seller with its same class of shareholders in the profits of the company in which the shares are sold exceed 25% at any time during the five years preceding the sale. Capital gains realised at the time of the sale of a participating share exceeding or having exceeded the 25% threshold during the period mentioned above are subject to tax in France at a proportional rate of 19% subject to possible application of prescribed provisions aimed at avoiding double taxation.

Wealth Tax

Subject to the provisions of international taxation agreements, individuals not domiciled for tax purposes in France within the meaning of article 4 B of the General Taxation code are not taxable for wealth tax in France on their financial investments. Where Company Shares subscribed for in the context of this offer constitute participating shares in the application of wealth tax, that is to say shares which enable the exercise of influence over the Company and in particular shares representing at least 10% of the Company share capital and which have been either subscribed for on issue or held for at least two years, these shares will not be considered as financial investments and will be liable to be included in taxable assets for wealth tax purposes, subject to the provisions of international taxation agreements. Such exception is not applicable to property Companies.

Inheritance and donation rights

Subject to the provisions of international agreements, Company shares acquired by individuals by way of inheritance or donation will be subject to the laws of inheritance and donation in France.

4.12.3 Other Shareholders

Company shareholders subject to a taxation scheme other than those mentioned above, in particular taxpayers whose transactions relating to shares exceed simple management of private assets or who have recorded their shares as assets in their balance sheet should refer to the taxation scheme applicable in their particular case.

4.13 Taxation in Poland

4.13.1 Dividend distribution

General rules

In case of dividend distributions, the Luxembourg domestic tax regulations and any double tax treaty between Luxembourg and the country of tax residency of the recipient of the dividends should be applied to determine whether the Company should deduct the withholding tax from the payment. Dividends may then be subject to taxation in the country of tax residency of recipient of the dividends pursuant to the domestic regulations.

The Issuer takes responsibility for the deduction of withholding tax.

Income from dividends

In the event the recipient of the dividends is a Polish tax resident, under the double tax treaty between Poland and Luxembourg, dividends obtained by the Polish shareholder would be taxable in Poland. Nevertheless, such dividends could also be taxed in Luxembourg (being subject to Luxembourg withholding tax). However, if the dividend beneficial owner has a place of residence or registered office in Poland, the tax so determined cannot exceed (i) 5% of the gross amount of dividends if the dividend beneficial owner is a Polish company (other than a partnership) whose direct stake in the capital of the company paying out the dividends represents at least 25%, or (ii) 15% of the gross amount of dividends in all other cases. The withholding tax paid in this regard in Luxembourg (if any) could be deducted in Poland; however, such a deduction cannot exceed that portion of the tax, calculated prior to the deduction, which accounts for the income obtained in Luxembourg. The rules of applicability of the Luxembourg withholding tax are set forth in Luxembourg tax regulations.

As regards the Polish taxation rules, in principle, revenues from dividends received by natural or legal persons having their tax residency in Poland are subject to a 19% income tax.

Nevertheless, in the event the dividend recipient is a legal person, the income from dividends paid out by the Luxembourg entity is exempt from the Polish corporate income tax if the Polish dividend recipient directly holds no less than 10% of shares the entity for a continuous period of no less than two years. The requirement whereby the shares must be held for two years does not need to be met at the time of a dividend pay-out. The Polish shareholder owning the shares for a period of less than two years may be eligible for an exemption if it refrains from selling the shares for two years following the purchase thereof.

4.13.2 Capital Gains

General rules

In case of a sale of Shares, the double tax treaty between Luxembourg and the country of tax residency of the Company's shareholder should determine in which country the capital gains from the sale of the Shares should be taxed. As a rule double tax treaties state that such gains are subject to taxation in the country where a shareholder has its tax residency pursuant to that country's domestic regulations.

Income from Capital Gains

In the event the Company's shareholder is a Polish tax resident, under the double tax treaty between Poland and Luxembourg, capital gains from the sale of the Shares by the Polish shareholder would be taxable only in the seller's resident state, which is Poland.

The capital gains would be calculated as the difference between the revenue from the sale of Company Shares and the tax deductible costs. The tax deductible costs would be the historical cost of a subscription for or acquisition of the Company Shares. The capital gains would be taxed in accordance with a 19% tax rate.

4.14 Taxation in Czech Republic

Set out below are the main Czech tax consequences likely to apply to Czech investors who will hold shares of the Company under Czech domestic law in force on the date of the Securities Note, and the Treaty on prevention of double taxation and on avoidance of tax evasion, concluded between the Czech and Slovak Federal Republic and the Grand Duchy of Luxembourg on March 18, 1991, effective from December 30,

1992 and published in the Collection of Laws under No. 79/1993 Sb. (the “**Tax Treaty**”). The tax regime described below may be modified by subsequent laws or regulations, which should be followed by the investors with the help of their usual advisor.

Please note that the information set out below describing the applicable Czech tax regime and each particular situation should be carefully analyzed by a tax advisor, especially regarding tax residence and the possible impact of citizenship.

Individual investors who are Czech tax residents holding securities as private investments

Pursuant to Article 13 of the Tax Treaty, capital gains realized by individuals on sale disposal of property (including common stock of Luxembourg companies) are generally taxable in the country of residence of the individuals.

In accordance with Section 10 of the Czech Act No. 586/1992 Sb. on income taxes, as amended (the “**Income Tax Act**”), capital gains realized upon the disposal of securities are subject to a personal income tax at a flat rate of 15% unless the exemption under Section 4 of the Income Tax Act (*see below*) applies. Taxable income is computed as the difference between the revenue earned on disposal of securities and related costs (in principle, the costs of acquisition of the securities). Tax is settled on an annual basis via an annual tax return, which must generally be filed by March 31 of the calendar year following the year in which the income is earned (this also being the deadline for paying the relevant income tax liability).

In the case of an individual investor who is a Czech tax resident who does not hold the securities as business property, any loss incurred on the sale of the securities will generally not be tax-deductible, except for a situation where such loss is deducted against other taxable capital gains derived by the individual investor from the sale of securities in the given tax period.

Capital gains from the disposal of the securities is, pursuant to Section 4 para. 1 letter w) of the Income Tax Act, exempt from Czech personal income tax provided that: (i) the period between acquisition and subsequent sale of securities exceeds six (6) months; (ii) an individual investor who is a Czech tax resident has not held more than 5% of the registered capital or voting rights in the issuer of the securities within the period of 24 months prior to disposal; and (iii) the securities have not been booked by the individual investor as business property at any point prior to the disposal.

If the condition under (ii) above is not met, an exemption from the personal income tax is applicable only for sales of securities realized after five years following their acquisition (Section 4 para. 1 letter r) of the Income Tax Act).

Special conditions apply to securities which have been booked as business property of an individual investor who is a Czech tax resident prior to disposal; receipts from disposals of securities qualifying for a personal income tax exemption do not need to be reported in Czech personal income tax returns.

4.14.1 Czech tax resident shareholders that are legal entities

Pursuant to Article 13 of the Tax Treaty, as a general rule, capital gains realized upon the disposal of securities will be included in the taxable income of legal entities, taxable at the ordinary corporate tax rate of 19%.

A specific tax treatment would apply in the case where securities would qualify for the participation exemption. Pursuant to Section 19 para.1 letter ze) and Section 19 para. 3 of the Income Tax Act, all the following conditions must be met in order to qualify for the participation exemption:

- a) the capital gain must be realized by a parent company established or effectively managed in the Czech Republic;
- b) the Czech parent company must have the legal form of a limited liability company (*společnost s ručením omezeným*), a joint stock company (*akciová společnost*) or a co-operative (*družstvo*), in accordance with the Czech Act No. 513/1991 Sb., Commercial Code, as amended;
- c) the parent company must have held at least 10% of the registered capital of the company for at least 12 months;
- d) the company must not be in the process of liquidation;
- e) the company must be a resident of the European Union;
- f) the company must have the legal form comparable to a limited liability company, a joint stock company or a co-operative, pursuant to the Czech Commercial Code; and
- g) must be subject to an income tax, specified in Directive No. 90/435/EEC, as amended by Directive No. 2003/123/EC and Directive No. 2006/98/EC.

According to the above-mentioned provisions of the Income Tax Act, net gains realized upon disposal of securities qualifying for the participation exemption are exempt from corporate income tax.

Most Czech tax resident shareholders that are legal entities and subject to corporate tax and who are treated as accounting units within the meaning of Czech accounting laws and subject to Czech accounting standards for businesses (e.g., most companies other than financial institutions) or to Czech accounting standards for financial institutions (e.g., banks, insurance companies, etc.) who hold the securities for trading will be required to reevaluate the securities to fair value for accounting purposes. Any resulting revaluation differences will be accounted for as income or expense in the profit and loss account. Such income is generally taxable and the corresponding expense is generally tax deductible for Czech corporate income tax purposes provided that the general conditions for tax deductibility are met.

4.14.2 Withholding Tax

Whether received in the Czech Republic or abroad, dividend payments (if any) made in respect of securities received by Czech tax residents must be included in the income taxable base. Dividends received by an individual investor who is a Czech tax resident will be included in the general tax base subject to a 15% personal income tax rate. Dividends received by Czech tax resident shareholders that are legal entities and subject to corporate tax will be included in the special tax base subject to a 15% corporate income tax rate, unless they qualify for the participation exemption.

In accordance with Article 10 para. 2 of the Tax Treaty, dividend payments (if any) made on securities to a Czech shareholder, whether an individual or a legal entity, will generally be subject to a Luxembourg withholding tax at the rate of 15%. However, as the Central Securities Depository is not a qualified intermediary, the dividend payments will be subject to Luxembourg withholding tax at the Luxembourg statutory rate. A Czech shareholder may seek appropriate relief, if any, directly from the Luxembourg tax authority with respect to amounts withheld at a rate greater than 15% of the dividend payments.

The Issuer takes responsibility for the deduction of withholding tax.

4.14.3 Other Taxes and Duties

No Czech taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a holder of shares of securities by reason only of the purchase, ownership or disposal of such securities.

5. CONDITIONS OF THE ISSUE OF NEW SHARES

5.1 Conditions, provisional schedule and conditions of subscription

5.1.1 Conditions of the issue

5.1.1.1 Cancellation of the Preferential Subscription Rights of Shareholders for the benefit of the Subscribers

The Board of Directors was authorised to limit or cancel the preferential subscription rights of existing shareholders as to the issuance of new shares within the authorized capital by the shareholders meeting of 28 April 2011. As the New Shares will not be subscribed in cash but through the exchange and contribution of OPG Bonds, there are no applicable preferential subscription rights of existing shareholders.

5.1.1.2 Subscription undertakings

It is expected that the New Shares will be issued and allotted to and subscribed on 3 September 2012 by the holders of the OPG Bonds or their representatives (the “**Subscribers**”) who will subscribe for the New Shares pursuant to subscription agreements entered into among the Company and the holders of the OPG Bonds or their representatives on 24 August 2012 (the “**Subscription Agreements**”).

The Prospectus has been drawn up for the purpose of the listing of the New Shares.

The listing is conditional upon approval of the Prospectus by the CSSF.

5.1.2 Amount of the Issue

64,577,483 New Shares will be issued in connection with the Issue for a subscription price of €490 million corresponding to the amount of the payments under the Safeguard plan for the OPG Bonds to be exchanged for the New Shares.

5.1.3 Expected Issue Dates and procedures

28 June 2012:	Extraordinary General Meeting of the shareholders of the Company to approve the Issue
16 July 2012:	Meeting of the Board of Directors to approve the Issue.
24 August 2012:	Signing of the Subscription Agreements.
29 August 2012:	Approval of the Prospectus by the CSSF.

30 August 2012:	Notification of certificate of approval by the CSSF to the AMF, the CNB and the PFSC.
3 September 2012:	Issue Date.
3 September 2012:	Admission to trading of the New Shares.

5.1.4 Revocation of the Issue

Not applicable

5.1.5 Reduction of the amount of the Issue

The Subscribers will subscribe to the total amount of the Issue.

5.1.6 Minimum and/or maximum amount of subscription

Not applicable

5.1.7 Withdrawing period of subscription

Not applicable

5.1.8 Closing dates and payment and delivery conditions of the New Shares

The subscription price of the New Shares will be paid in full by the contribution by the Subscribers of EUR 490 million of OPG Bonds in terms of Safeguard claim amount.

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

5.1.9 Method of publication of the results of the offer

Not applicable.

5.2 Distribution and allocation of New Shares

The New Shares will be issued to the Subscribers in an aggregate amount of € 490 million in accordance with the Subscription Agreements entered into with the Company.

The Issuer has not undertaken any action that would permit an offer to the public (in the sense of the Prospectus Directive) of the New Shares or possession or distribution of the Prospectus or any other offering material in any jurisdiction where action for that purpose is required.

To the knowledge of the Company, no major shareholders or members of the Company's Executive Committee or Board of Directors intend to subscribe in the offer. According to information received by the Company, Alchemy and Kingstown will subscribe for approximately 9% and 16%, respectively, of the Issue. To the knowledge of the Company, no other person intends to subscribe for more than five per cent of the Issue.

89.9% of the bonds listed below will be exchanged for 64,577,483 **New Shares**. The New Shares will be issued to holders of the following bonds issued by the Company (the "**OPG Bonds**"):

- (i) EUR 50,272,605.30 OBSAR 1 bonds issued 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 on 3 February 2006, ISIN code CZ0000000195 (the "**2011 OPG Bonds**");
- (iii) EUR 24,169,193.39 bonds exchangeable for Sunčani Hvar shares issued on 30 June 2005, ISIN code XS0223586420 (the "**2012 OPG Bonds**");
- (iv) EUR 149,999,928 convertible bonds issued on 1 June 2006, ISIN code FR0010333302 (the "**2013 OPG Bonds**"); and
- (v) EUR 175,000,461.60 OBSAR 2 bonds issued on 28 March 2007, ISIN code XS0291838992 / XS0291840626, (the "**2014 OPG Bonds**").

New Share exchange ratios

The 64,577,483 New Shares will be allocated among the five tranches of OPG Bonds in proportion to their respective amounts of Safeguard claim as previously set by the Paris Commercial Court, which are indicated in the table below (out of a total of EUR 548.5 million). Apportioning the 64,577,483 New Shares to the five tranches of OPG Bonds in the same proportion gives the respective allocated total New Share amounts per tranche, as indicated in the table below. Dividing these New Share amounts by the total number of OPG Bonds to be converted per tranche (89.9%, subject to the rounding described below) gives the ratio of the

number of New Shares that each bondholder will receive for each exchanged OPG Bond, giving an issue price of approximately EUR 7.59 per New Share. (Note that only approximately 89.9% of the existing OPG Bonds held by each bondholder will be exchanged into New Shares.)

Rounding

OPG Bonds can only be exchanged by each bondholder in whole number amounts (and not fractional amounts), and New Shares will only be issued to each bondholder in whole number amounts. Accordingly, a rounding mechanism will be applied at two stages – first, in order to obtain the number of OPG Bonds to be converted for each bondholder and second, in order to obtain the number of New Shares to be issued to each bondholder. In the first step, the number of OPG Bonds held by a bondholder is multiplied by 89.9%. If the result is not a whole number, it will be rounded to the nearest whole number of OPG Bonds (with .5 being rounded up). This gives the number of OPG Bonds that will be exchanged for each holder and in total. For each tranche, the allocated total New Share amount is divided by the total number of OPG Bonds that will be exchanged, giving the exchange ratio of New Shares per Exchanged Bond for each tranche. The number of exchanged OPG Bonds for each holder is then multiplied by the exchange ratio. This result is rounded down to the nearest whole number, giving the amount of New Shares to be issued to the holder in exchange for the exchanged OPG Bonds. The rounding difference will be allocated to the share premium account of the Company. These rounding steps will affect the final numbers of OPG Bonds that are exchanged, the exchange ratio and the final numbers of New Shares issued, both for each holder and in total for the Issue. Below is an illustrative table showing sample numbers and ratios for each tranche. *The actual numbers may vary from the numbers shown in the table due to rounding.*

Illustrative table of New Share exchange ratios					
Bonds	Approximate Safeguard claim amount (in millions)	Total Number of Bonds (Exchanged Bonds - 89.9%)	Approximate Safeguard claim amount per Bond	Shares per OPG Bond tranche	Ratio of Shares per Exchanged Bond (illustrative only)
2010 OPG Bonds	€ 63.2	73,273 (65,876)	€ 862.4	7,488,282	113.67
2011 OPG Bonds	€ 16.0	30 (27)	€ 534,712.6	1,900,946	70,405
2012 OPG Bonds	€ 28.9	928,513 (834,731)	€ 31.1	3,423,911	4.1018
2013 OPG Bonds	€ 212.3	1,086,956 (977,171)	€ 195.3	25,160,988	25.749
2014 OPG Bonds	€ 228.1	119,544 (107,468)	€ 1,907.8	27,025,873	251.48
Total	€ 548.5			65,000,000	

The remainder of the OPG Bonds will remain in each bondholder’s account and will be eligible for the voluntary exchange offer for new notes to be issued by the Company, as described in Section 2.3.3.1 of the Registration Document and the subject of a separate Prospectus to be approved by the CSSF.

Clearing systems and beneficial holders

With the exception of the 2011 OPG Bonds, because the OPG Bonds are held through Euroclear Bank SA/NV and Clearstream Banking S.A. (together, the “Clearing Systems”), the above rounding steps 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 Participant’s responsibility to debit the OPG Bonds from, and distribute the New Shares to, the beneficial owner(s). This could result in numbers of exchanged OPG Bonds and New Shares 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 noon CET on 28 August at the latest in order for the clearing systems to process the information on time.

5.3 Issue Price

The Subscribers will subscribe to the New Shares for a unit price of approximately €7.59 per New Share

5.4 Placement and underwriting

The Subscribers will subscribe to the New Shares as described under section 5.1.1.2.

Share Agent

CACEIS Corporate Trust, *société anonyme*, a company incorporated under the French law under number RCS Paris 439 430 976 with registered office at 1-3, place Valhubert, 75013 Paris, (the “**Share Agent**”).

6. ADMISSION TO TRADING OF THE NEW SHARES

Application will be made for the New Shares to be admitted to trading on the regulated markets on which securities of the same class of securities are already admitted to trading, i.e.: NYSE Euronext Paris S.A. (“**Euronext Paris**”), the main market of Burza cenných papírů Praha, a.s. (the “**Prague Stock Exchange**”) and on the main market of Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (the “**Warsaw Stock Exchange**”), which are regulated markets pursuant to Directive 2004/39/EC. The New Shares shall be listed under ISIN code: LU0122624777.

7. DILUTION

The table below summarizes the consequence of the Issue for a Shareholder owning 1% of the share capital of the Company prior to the Issue:

	Shareholder's stake
Before the Issue	1.000%
After the Issue	0.354%

The table below summarizes the effect of the Issue on the share capital for a Shareholder owning one Share in the Company:

	Share capital
Before the Issue	EUR 4.10
After the Issue	EUR 4.10

ORCO PROPERTY GROUP S.A.

Issuer, société anonyme

42 rue de la Vallée, L-2661 Luxembourg

CACEIS Corporate Trust

Share Agent

1-3, place Valhubert, 75013 Paris, France

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