



Société Anonyme  
40, rue de la Vallée, L – 2661 Luxembourg  
R.C.S. Luxembourg B44996  
(the "Company" or "OPG")

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**REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY  
TO THE HOLDERS OF THE "NEW NOTES" ISSUED BY THE COMPANY  
REGARDING THE GENERAL MEETING OF THE HOLDERS OF THE NEW NOTES  
TO BE HELD ON 9 OCTOBER 2014 IN LUXEMBOURG**

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The board of directors of the Company (the "**Board**") presents this report concerning the general meeting of the holders of the € 73,051,230.- of the initial principal of the notes (the "**Noteholders**"), registered under ISIN code: XS0820547742 (the "**Notes**") as described under the Prospectus (as defined below) issued by the Company on 4 October 2012 pursuant to a prospectus approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") on 28 August 2012 (the "**Prospectus**"), that will be held at 40, rue de la Vallée, L-2661 Luxembourg, Grand-Duchy of Luxembourg, on 9 October 2014 at 11:00 AM Central European time ("**CET**") further to a request of Alchemy Special Opportunities Fund II LP, being a holder of more than 5% of the Notes (the "**Noteholders Meeting**").

#### **NOTEHOLDERS MEETING**

The Noteholders Meeting is in order to consider and resolve on the following agenda:

1. **Approval of the amendments to the terms and conditions of the Notes (in particular, the decrease of the interest rate applicable to the Notes to 7% per annum and the change of the law governing the Notes from Luxembourg law to English law) and of the subsequent restatement of such terms and conditions of the Notes in the form of the amended and restated draft terms and conditions of the Notes to be considered during the Noteholders Meeting and as published on the Company's website at [www.orcogroup.com](http://www.orcogroup.com) (the "Restatement") and approval of all steps and actions, and entering into and performance of all the transactions, documents (including, but not limited to, the restated terms and conditions of the Notes), agreements contemplated, needed or useful in connection with such Restatement, after presentation to the Noteholders of (i) an interim accounting statement, audited and certified by the Company's *réviseurs d'entreprises*, summarising the assets and liabilities of the Company and (ii) a report of the Company's board of directors justifying the proposed amendment and restatement of the terms and conditions of the Notes;**
2. **Approval of the appointment of the Trustee (as defined in the amended and restated terms and conditions of the Notes) as representative of the Noteholders under the amended and restated terms and conditions of the Notes;**
3. **Approval of certain amendments to the Agency Agreement (as defined in the amended and restated terms and conditions of the Notes) in order to reflect the amendments made pursuant to the Restatement;**
4. **Approval of the issuance of a new Global Certificate (as defined in the amended and restated terms and conditions of the Notes);**
5. **Delegation of power for implementation of the Restatement to Wilmington Trust in its capacity as *représentant de la masse*, including, but not limited to, the power and mandate to finalize the terms and conditions of the Restatement and to negotiate and agree the final restated terms and conditions of the**



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**Notes, subject to any non-substantial changes to such restated terms and conditions of the Notes, as approved by the meeting, to negotiate, finalize and sign any document in connection with the Restatement on behalf of the Noteholders, the power to negotiate, finalize, agree and implement certain amendments to the Agency Agreement (as defined in the amended and restated terms and conditions of the Notes) in order to reflect the amendments made pursuant to the Restatement, the power to issue a new Global Certificate (as defined in the amended and restated terms and conditions of the Notes) and the power to perform and execute all steps and actions, and entering into and performance of all the transactions, documents, agreements contemplated, needed or useful in connection with the Restatement; being understood that the Restatement shall only be effective as of the date of execution of the final restated terms and conditions of the Notes by the *représentant de la masse* and the Company;**

#### 6. Miscellaneous.

### OVERVIEW OF THE TRANSACTION

On 27 August 2014, OPG received a letter from Alchemy Special Opportunities (Guernsey) Limited, acting as investment manager of Alchemy Special Opportunities Fund II L.P. (the “**Requesting Noteholder**”), a holder of more than 5% of the Notes, requesting the convening of the Noteholders Meeting in order to amend the terms and conditions of the Notes.

The Notes constitute a new debt instrument issued and incurred after the OPG’s safeguard procedure, which was used to repay the bonds subject to the safeguard plan. The Paris Commercial Court duly authorized such early repayment of OPG’s bonds in its judgment dated 19 May 2010. The Notes are therefore not subject to the safeguard plan.

The Requesting Noteholder provided the Company with the restatement of the terms and conditions of the Notes in the form of the amended and restated draft terms and conditions of the Notes to be considered during the Noteholders Meeting (the “**Restatement**”). The Restatement is published on the Company’s website at [www.orcogroup.com](http://www.orcogroup.com).

Change of the terms of the Notes includes, inter alia, the following amendments:

- The provision of an English law governed guarantee by CPI PROPERTY GROUP (formerly ORCO Germany S.A.), securing the payment of the Notes. The guarantee will be issued for a 3% p.a. fee, payable in kind and not in cash by the Company to CPI PROPERTY GROUP. Some collateral securing the guarantee will have to be agreed upon and put in place between OPG and CPI PROPERTY GROUP;
- An amendment to the terms and conditions of the Notes to effect a change in the governing law of the Notes from Luxembourg law to English law;
- The adoption of an English law governed trust deed under English law and an amendment and restatement of the current agency agreement such that it reflects terms that are typically used in an English law governed agency agreement;
- The appointment of a trustee to represent the Noteholders under English law;



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- An amendment to the terms and conditions of the Notes to effect a change in the interest rate payable in respect of the Notes to 7% p.a., payable in cash semiannually in arrears (as opposed to the currently applicable 5% cash and 5% payment in kind interest, that is subject to changes depending on the decrease of the principal to 4% + 4% and 4% + 3% respectively);
- An amendment to the terms and conditions of the Notes to effect a change in the term of the Notes to 5 years commencing on the date on which the amendment to the Notes becomes effective;
- Modified repayment schedule, which allows OPG not to pay app. EUR 19.4 Million end of February 2015 (and 2016 and 2017).

The statements made herein are not meant to be a complete summary of the Restatement. Each Noteholder is responsible for reviewing the Restatement and other documents and taking any measures deemed appropriate by such Noteholder.

The Board would like to point out that the statements made herein are not binding for the Noteholders and the Noteholders need to take their own independent decision whether or not to approve the Restatement based upon the Restatement and any other sources of information available to them (including obtaining professional advice) and taking into account their individual tax and other concerns.

## **PROCEDURAL MATTERS**

In terms of process, in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended (the “1915 Law”) and the Prospectus, the Board must convene a Noteholders meeting if Noteholders representing 5% of more of the total amount of the outstanding Notes so request.

Since the Requesting Noteholder holds more than 5% of the total amount of the outstanding Notes, the Board was obliged to convene the Noteholders Meeting within a reasonable delay. Following the convening by the Board and in accordance with the 1915 Law, the Noteholders Meeting must be held within a period of one month following such convening. As such, the Board convened the Noteholders Meeting by way of publication of the convening notice in the Luxembourg official gazette (Mémorial C, Recueil des Sociétés et Associations), and the Luxembourg newspaper Tageblatt on 9 September 2014, such that it is held on 9 October 2014.

The Noteholders Meeting shall not validly deliberate on the agenda unless at least one half of the total number of Notes outstanding at the time of the Noteholders Meeting is represented. In the event that such quorum condition is not fulfilled, a second meeting may be convened 17 days prior to the date of the reconvened meeting, which shall validly deliberate regardless of the proportion of the Notes represented. At both meetings, resolutions shall be adopted by two thirds of the votes cast for the resolutions concerning the modification of the terms of the Notes to be adopted.

Such modified terms, if adopted by the Noteholders Meeting, will have to be accepted by both OPG and CPI PROPERTY GROUP in order to be effective: adopted amended and restated terms and conditions of the Notes would take effect as of the date of the execution of the final restated terms and conditions of the Notes by the *représentant de la masse* and OPG.



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## **IMPACT OF THE PROPOSED CHANGES**

The proposed modified terms of the Notes, if adopted by the Noteholders Meeting and accepted by the Company and CPI PROPERTY GROUP, will have inter alia the following impacts on the Company:

- The repayment terms will be changed to one – off bullet payment at the maturity date as opposed to the currently applicable amortization payments (25% of the principal amount of the Notes is due on 28 February 2015, 2016 and 2017 with the remaining outstanding principal amount due on the maturity date of 28 February 2018). As such, the Company will not have to pay approximately EUR 19.4 Million on 28 February 2015;
- The maturity date of the Notes will be extended from 28 February 2018 to the five years term commencing on the date on which the amendment of the Notes’ will become effective (expected mid-October 2019);
- The Company will have an option to repay the Notes any time during the term of the Notes;
- Change of control clause that currently triggers early redemption of the totality of the Notes will be abandoned according to the proposed terms;
- The decrease of the interest rate payable in respect of the Notes to 7% p.a., payable in cash semiannually in arrears (as opposed to the currently applicable 5% cash and 5% payment in kind interest, that is subject to changes depending on the decrease of the principal to 4% + 4% and 4% + 3% respectively).

The Board is of the opinion that the proposed changes are beneficial for the Company since they reduce immediate cash exposure of the Company, notably the amortization payments that is first time due in five months and extend the term of the Notes. The amendment of the Notes will relieve the short term pressure on the Company, preserve the Company’s liquidity and provides time and liquidity headroom to optimize asset values for development and mature assets.

## **CONCLUSION**

Based on the foregoing, the Board recommends to vote in favour of the Restatement and to approve it at the Noteholders Meeting.

Luxembourg, 9 September 2014