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Société Anonyme
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R.C.S. LUXEMBOURG B 44.996

(the "**Company**" or "**OPG**")

**REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY ESTABLISHED ACCORDING TO
ARTICLE 32-3(5) OF THE LAW DATED 10 AUGUST 1915 ON COMMERCIAL COMPANIES AS
AMENDED**

The Board of Directors of the Company (the "**Board**") presents, according to Article 32-3(5) of the law dated 10 August 1915 on commercial companies as amended (the "**LCA**"), this report concerning the proposal to authorize the Board to limit or suppress the shareholders preferential subscription rights during capital increases decided within the authorized capital framework which is proposed to be modified, renewed and replaced, as mentioned hereafter and as scheduled in the agenda for the Company's extraordinary general meeting of shareholders convened to be held on 4 February 2013 (or in the case of re-convening of the extraordinary general meeting in the absence of a quorum, the date of the reconvened extraordinary general meeting) (the "**Meeting**").

The Board recommends the Meeting to grant the authorization to the Board to limit or suppress the preferential subscription rights of the shareholders in the context of the authorized share capital and capital increases contemplated in the agenda of the Meeting. The Board also recommends the Meeting to approve reduction of the accounting par value of the existing shares from EUR 4.10 to EUR 2 per share, which precedes the decision about the Authorised Capital (as defined below) in order to adapt the share capital and the accounting par value of the shares to the prevailing market situation, notably the Company's share price¹.

The Board recommends the Meeting to modify, renew and replace the existing total authorized share capital and to set it to an amount of EUR 261,459,248 for a period of five (5) years from the date of the Meeting (or in case of re-convening of the Meeting because no quorum has been reached, the date of the reconvened Meeting).

The Board recommends that it be granted all powers for a period of five (5) years to carry out capital increases within the framework of the authorised share capital under the conditions and methods it will set with the possibility to cancel or limit any preferential subscription rights of the shareholders, it being understood that all financial instruments carrying an entitlement to, or the right to subscribe for, shares issued until the expiry of that period may still be converted or exercised subsequently to that date. It is

¹ The amounts used in this report are calculated on basis of EUR 2 accounting par value per share.

understood that the total authorized share capital of EUR 261,459,248 represents EUR 215,681,924 of currently issued share capital plus an outstanding amount at the disposal of the Board of (i) EUR 9,977,324 reserved exclusively for the issuance of new shares to the holders of currently issued and outstanding warrants plus (ii) EUR 35,800,000 additional authorized but unissued share capital. In shares this would represent the 107,840,962 shares currently issued plus 4,988,662 new shares reserved for the issued and outstanding warrants plus a maximum of 17,900,000 potential new shares².

1- Content of the authorized capital submitted to shareholders' votes at the Meeting

The Board also recommends shareholders of the Company at the Meeting to adopt the following authorized capital clause, offering the Board sufficient flexibility to be immediately able to adapt the strategy and organization of the Company, in relation to changing economic markets, real estate and stock markets in which it is involved.

Thus, the corporate capital may be increased by the Board up to an amount of two hundred and sixty one million four hundred and fifty nine thousand two hundred and forty eight euro (EUR 261,459,248.-) through the creation and issue of new shares without nominal value enjoying the same rights and privileges as already existing shares (the "**Authorised Capital**").

It is proposed that the Board be authorised and empowered within the limits of the Authorised Capital to (i) realize any increase of the share capital or equity of the Company with or without the issuance of new shares, it being understood that the board of directors is authorised to issue such new shares in one or several issues and (ii) issue bonds, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares and to issue new shares further to the conversion or exercise of the above mentioned instruments, it being understood that (a) if such instruments are issued before or during the period set forth in the paragraph below, the new shares upon the conversion or exercise of such instruments may be issued after the expiry of said period and (b) the board of directors is authorised to issue such new shares in one or several issues. For the avoidance of doubt, any increase of the share capital or equity of the Company, as well as any issue of bonds, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares decided by the Board prior to the date of the Meeting (or in case of re-convening of the Meeting because no quorum has been reached, the date of the reconvened Meeting) under the former authorized share capital of the Company but not realized, converted or exercised at this date remains validly approved and can be realized, issued, converted or exercised under this new Authorised Capital.

Such authorisation conferred to the Board will expire five (5) years after the date of the Meeting (or in case of re-convening of the Meeting because no quorum has been reached, the date of the reconvened Meeting) and can be renewed in accordance with the applicable legal provisions, it being understood that the Board can proceed to an increase of share capital or issue of the above mentioned instruments as of the date of the Meeting.

The new shares and the instruments to be issued in accordance with the above provisions may be paid up through contributions in cash or in kind, by the incorporation of reserves, issue premiums or retained earnings, including in the three latter cases in favor of new shareholders. The new shares to be issued in accordance with the above provisions may be issued with or without share premium, it being understood that (i) such shares shall not be issued at a price below the accounting par value and (ii) if the

² 17,900,000 new shares if issued at new accounting par value of EUR 2 per share (plus share premium, if applicable).

consideration payable to the Company for such newly issued shares exceeds their accounting par value, the excess is to be treated as share premium in respect of such shares in the books of the Company.

The Board will be specially authorised to issue such new shares and, where applicable, the instruments to be issued in accordance with the above provisions without reserving (i.e. by cancelling or limiting) for the existing shareholders the preferential right to subscribe for such shares and instruments.

The Board will be authorised to determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up of the new shares and, if applicable, the duration, amortization, other rights (including early repayment), interest rates, conversion rates and exchange rates of the aforesaid instruments as well as all the other conditions and terms of such instruments including as to their subscription, issue and payment.

The Board shall be authorised to do all things necessary to amend the articles of association of the Company in order to record the change of issued and authorised share capital following any increase pursuant to the Authorised Capital clause. The Board will be empowered to take or authorise the actions required for the execution and publication of such amendment in accordance with the LCA. Furthermore, the Board may delegate to any duly authorised person, the duties of accepting subscriptions, conversions or exchanges and receiving payment for shares, bonds, preferred equity certificates, warrants, options or instruments and to do all things necessary to amend the articles of association of the Company in order to record the change of issued and authorised share capital following any increase pursuant to the Authorised Capital clause.

2- Purposes and reasons for the envisaged limitation or suppression of the shareholders preferential subscription rights during capital increases within the authorized capital framework

It is recalled that the goal of the legislator in establishing a preferential right of subscription is to prevent a shareholder from seeing its share and control in a company being diminished or diluted because of an increase in capital to which he could not subscribe.

As a measure to protect the financial interests of shareholders, the limitation or suppression of the preferential right can only be envisaged in a framework justified by special circumstances and should only be in the interest of the Company.

The present report has been issued by the Board in order to present the particular circumstances justifying the limitation or suppression of this preferential right within the framework of an authorization granted to the Board for a period of five years from the Meeting.

The Board, acknowledging the absolute necessity of being immediately able to adapt the strategy and organization of the Company, in relation to changing economic markets, real estate and stock markets in which it is involved, proposes to the Meeting to authorize the Board to limit or suppress the preferential subscription rights of the shareholders in the event of future capital increases within the limits of the authorized capital. With major bond debt restructuring behind it, the Company now needs to focus on its cash requirements to bring its developments to market so as to ensure the long term success of the Company. Towards these ends, the Company needs to have the capital raising capability and flexibility to quickly and efficiently raise cash.

The Board would also like to stress various reasons justifying the implementation of such measure and circumstances in which such measure may be used by the Board, including notably, but not limited to, the following:

- a) The technique of authorized capital with limitation or suppression of the preferential subscription rights of existing shareholders offers the Board the flexibility and speed required to become involved in public and private markets both national and European, to gather funds for competing on tenders without having to resort to very costly bank bonds or guarantees, to develop and carry out large construction projects, refurbishments and developments requiring the gathering and perennial movement of large amounts of capital or to convert a supplier's debt and/or bond debt into equity.
- b) A rapid decision to accept the subscription of a new shareholder without resorting to a consultation of existing shareholders may also be necessary given the particularly difficult economic and financial circumstances that we have known and that may occur over time. Whether these very serious difficulties result from an economic, social, financial or political crisis, whether they are rooted globally or locally in countries where the Company's has its economic interests and/or makes its decisions is irrelevant to the Company regarding the nature of its businesses (property, hotel business,...), its financial structure, (call for public saving), the markets in which it is involved (multiple stock exchanges) and the transnational financial flow it is experiencing. The Company must at all times be able to raise the necessary funds to cope with its changing needs in working capital, to cover unexpected charges and to preserve its cash balance, to improve the structure of its finances and optimize its wealth management regarding restrictions of access to credit and the cost of external funding, to reinforce its own funds by converting suppliers' debts or venture partners into capital and to convert bond debt into equity.
- c) A third party subscription may also be required, if appropriate, to save the Company from serious and imminent damage from a third person and/or harm, and/or litigation, and/or particularly negative economic and financial circumstances, peculiar to the Company, causing or likely to cause consequential risks, losses or damages. This subscription with limitation or suppression of the preferential subscription rights will allow, if appropriate, the Company to strengthen its liquidity or supply funding in accordance with the prudential rules in force.
- d) The technique of authorized capital with limitation or suppression of the preferential subscription rights for existing shareholders may be used by the Board in the case of a take-over bid or a hostile attack, in an attempt to take control or any other capital action brought against the Company, planned or not, by one or several shareholders and/or future shareholders and for whom the authorized capital clause would emerge as one of the most rapid and effective means to preserve the social interest of the Company, to defend its values and projects, to sustain the employment of its staff and to guarantee protection of its holdings.
- e) The technique of authorized capital with limitation or suppression of the preferential subscription rights for existing shareholders may be used both in the exercise of stock options, convertible bonds, warrants or other convertible securities into shares issued by the Company and to allow share issues for the benefit of employees, management and directors of the Company.
- f) The technique of authorized capital with limitation or suppression of the preferential subscription right for existing shareholders may be used by the Board to realize capital increases for the benefit of one or several existing shareholders or, in particular, for the benefit of new shareholders in order to preserve or guarantee the implementation of the strategic direction of the Company or to give a fresh impetus or better stability to the Company and allow it to develop in the best conditions.

- g) The long, costly and relatively complex procedure for a quoted company to call a new extraordinary general meeting which could decide on different types of capital increases (e.g. a capital increase with a preference right) instead of what is proposed by the agenda for the Meeting may be, under certain circumstances, incompatible with certain fluctuations of the financial markets or business opportunities to which the Company could lay claim. The impossibility of calling a new general meeting in time under such circumstances may be damaging to the Company. In such circumstances, the technique of authorized capital should also be used.

The Board therefore recommends the Meeting to authorize it to limit or suppress the shareholders' preferential subscription right while it is achieving future capital increases within the framework of the authorized capital, in respect of all capital increases, including contributions in cash or in kind, among others, the conversion of debt to capital, by credit compensation, by incorporating reserves, first issues or related benefits, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible or refundable or exchangeable for shares (determined at time of issue or following it), or following the issue of bonds with warrants or any other share subscription right, or by the issue of warrants or any other instrument bearing a share subscription right.

The share price at which new shares will be issued will be determined based on the accounting value set in the Company's articles of association at time of issue, but in any case shall not be under the par value of the shares set out in the Company's articles of association.

Besides the accounting value, new shareholders will have to pay an issue premium, as applicable and decided by the Board, which will be calculated in terms of the accounting value of existing shares.

The Board finally acknowledges and reminds that as a matter of law, provisions of Article 57 of the LCA shall also apply during meetings of the Board resolving on capital increases of the Company within the framework of the Authorised Capital. Thus, any director who has a conflict between his interests and those of the Company in any business or matter to be resolved upon by the Board (including capital increases to be realised under the Authorised Capital) (i) must promptly inform the Board of such potential conflict; (ii) must request that this is stated in the minutes of the Board meeting; and (iii) cannot take part in these deliberations and cannot vote in relation to the matter in which such director is conflicted.

The Board

2 January 2013