



**ORCO PROPERTY GROUP S.A.**

42 rue de la Vallée  
L-2661 Luxembourg  
Luxembourg  
R.C.S. Luxembourg B 44996  
(the “Company” or “OPG”)

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**ORCO PROPERTY GROUP “BONDS 2013” - ISIN FR0010333302**  
**NOTICE OF THE BONDHOLDERS MEETING**  
**TO BE HELD ON APRIL 27, 2012 AT 42, RUE DE LA VALLEE L-2661**  
**LUXEMBOURG AT 9:30 AM CET**

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A general meeting of the holders of bonds (the “**Bondholders**”) registered under ISIN FR0010333302 (the “**Bonds 2013**”) as described in the Prospectus (as defined below) issued by the Company in relation to the issue on June 1, 2006 of EUR 149,999,928, 1 per cent convertible bonds, at an issue price: EUR 138, represented by 1,086,956 convertible bonds with a par value of EUR 145, for which the visa on the prospectus was delivered by the CSSF on May 17, 2006 (the “**Prospectus**”), will be held at 42, rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg, on April 27, 2012 at 9:30 AM Central European time (“**CET**”) (the “**Bondholders Meeting**”), in order to consider and resolve on the following agenda:

**AGENDA**

- 1. Decision to appoint, with immediate effect, a new *représentant de la masse*<sup>1</sup> and to determine its powers, including, but not limited to, the delegations of powers referred to in 3. and 4. hereafter.**
- 2. Approval of the terms and conditions of the exchange of up to 89.9 % of all Bonds 2013 for a consideration consisting in newly issued common shares (the “Shares”) of the Company (“OPG Conversion”), including but not limited to, discussion and approval of the terms and conditions of the OPG Conversion (as such terms may be amended), approval of all steps and actions, and entering into and performance of all the transactions,**

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<sup>1</sup> **Note: OPG Bondholders to nominate a candidate or OPG can nominate one if necessary**

documents, agreements contemplated, needed or useful in connection with the OPG Conversion, after presentation to the Bondholders of (i) interim accounting situation of the Company, reviewed and certified by its auditor and (ii) a report established by the board of directors of the Company, explaining the reasons of the OPG Conversion.

3. Delegation of power for implementation of the OPG Conversion to one of the *représentant de la masse*, including, but not limited to, the power and mandate to finalize the terms and conditions of the OPG Conversion and to negotiate and agree the final terms and conditions of the OPG Conversion, subject to any non-substantial changes to such terms and conditions of the OPG Conversion, as approved by the meeting, to negotiate, finalize and sign any document, (including, but not limited to, any contribution agreement or subscription agreement) in connection with the OPG Conversion and the subscription of the Shares on behalf of the Bondholders and to redistribute the Shares to the Bondholders, and 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 OPG Conversion, including, but not limited to, informing the *Commissaire à l'exécution du Plan* of the Bondholders' approval of the OPG Conversion and the corresponding proposed modifications of OPG's *Plan de sauvegarde*, further to the official notification of such proposed modifications to be issued by the *Greffe du Tribunal de commerce de Paris* to the *représentant de la masse* pursuant to article R. 626-45 of the French Commercial Code, in the course of OPG's *Plan de sauvegarde*'s modification procedure.
4. Decision (a) to finally and definitively waive and withdraw the current lawsuits against the Company (including the *tierce opposition* as well as the appeals against the supervisory judge's orders regarding the *requêtes en interprétation*, it being specified, for the avoidance of doubt, that the Bondholders' representative shall be instructed to file "*conclusions de désistement d'instance et d'action*" in the course of such proceedings according to the French Civil Procedure Code as soon as all the conditions referred to in clause II. 6. (v) of Annex A of the present convening notice related to the proposed OPG Conversion shall have been met) and (b) not to further challenge the judgment dated 19 May 2010 adopting the *Plan de Sauvegarde* of the Company.
5. Miscellaneous.

Please refer to **Annex A** attached to the present notice and the Company's website at [www.orcogroup.com](http://www.orcogroup.com) for further details pertaining to the proposed OPG Conversion.

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**Note:** The Bondholders Meeting shall not validly deliberate on the agenda mentioned above, unless at least one half of the total number of the Bonds 2013 outstanding at the time of the Bondholders Meeting is represented.

If such proportion of the total number of the Bonds 2013 is not met, a second meeting may be convened, by means of notices published twice at fifteen days interval at least and fifteen days before the meeting in the *Mémorial C, Recueil des Sociétés et Associations* and in two Luxembourg newspapers. The second meeting shall validly deliberate regardless of the proportion of the Bonds 2013 represented.

At both meetings, resolutions, in order to be adopted, must be carried by at least two thirds (2/3) of the votes cast by the Bondholders present or represented.

The Bondholders participation form which is necessary to participate to the Bondholders Meeting is at the disposal of the Bondholders as from the date of publication of the present notice, at the registered office of the Company upon request or downloaded from the Company's website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or to the relevant central registration bank.

The auditor's report on review of interim financial information of the Company, to be presented to the Bondholders Meeting are at the disposal of the Bondholders at the registered office of the Company upon request or downloaded from the Company's website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or to the relevant central registration bank.

The report of the Company's board of directors, explaining the reasons of the OPG Conversion, to be presented to the Bondholders Meeting are at the disposal of the Bondholders at the registered office of the Company upon request or downloaded from the Company's website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or to the relevant central registration bank.

The proposed terms and conditions of the OPG Conversion are at the disposal of the Bondholders at the registered office of the Company upon request or downloaded from the Company's website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or to the relevant central registration bank.

Copies of the Prospectus, the articles of association of the Company are available on the Company's website at [www.orcogroup.com](http://www.orcogroup.com) and at the registered office of the Company upon request.

The board of directors of the Company would like to point out that for Bondholders whose ownership is directly or indirectly recorded in the Bond registry of the Company, the conditions for attendance or representation at the Bondholders Meeting are as follows:

#### **1. Conditions for personal attendance**

(i) *Bondholders whose ownership is indirectly recorded in the bond registry of the Company*

Bondholders whose ownership is indirectly recorded in the bond registry of the Company and who elect to attend the Bondholders Meeting in person must use their usual applicable contacting method for informing their financial intermediary, with whom their Bonds 2013 are on deposit, accordingly. They must further request their financial intermediary, with whom their Bonds 2013 are on deposit, to send a Bondholders blocking certificate (the “*Bondholders blocking certificate*”) for their Bonds 2013 to the relevant central registration bank no later than 5 business days prior to the Bondholders Meeting.

Such blocking certificate must indicate clearly the precise identity of the Bondholder, the number of Bonds 2013 being blocked, the date such Bonds 2013 are being blocked, which must be no later than April 23, 2012 and a statement that the relevant Bonds 2013 are registered in the local bank or brokers records in the holder’s name and shall be blocked until the close of the Bondholders Meeting.

The Bondholders must bring a copy of the Bondholders blocking certificate to the Bondholders Meeting.

The Bondholders shall also announce their intention to participate at the Bondholders Meeting by completing, signing, dating and returning on no later than April 23, 2012 at the latest to the relevant central registration bank or to the Company (ORCO PROPERTY GROUP S.A., 42, rue de la Vallée, L-2661 Luxembourg, to Mr. Christophe Le Priol or Mrs. Françoise de Jongh, département juridique), the Bondholders participation form that can be obtained at the registered office of the Company upon request or downloaded from the Company’s website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or the relevant central registration bank.

(ii) *Bondholders whose ownership is directly recorded in the bond registry of the Company*

Bondholders whose ownership is directly recorded in the bond registry of the Company, shall announce their intention to participate to the Bondholders Meeting by completing, signing, dating and returning on April 23, 2012, at the latest to the relevant central registration bank or to the Company (ORCO PROPERTY GROUP S.A., 42, rue de la Vallée, L-2661 Luxembourg, to Mr. Christophe Le Priol or Mrs. Françoise de Jongh, département juridique) the Bondholders participation form that can be obtained at the registered office of the Company upon request or downloaded from the Company’s website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or the relevant central registration bank.

## **2. Conditions for proxy voting or granting a mandate**

*(i) Bondholders whose ownership is indirectly recorded in the bond registry of the Company*

Bondholders whose ownership is indirectly recorded in the bond registry of the Company and who are unable to attend the Bondholders Meeting in person, may give a voting instruction to a third party that the Bondholder designates.

Prior to giving voting instructions to a proxy, this Bondholder must a) have obtained and delivered to the relevant central registration bank the Bondholders blocking certificate described above (see “Conditions for personal attendance”), and b) complete, sign and date the Bondholders participation form that can be obtained at the registered office of the Company upon request or downloaded from the Company’s website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or the relevant central registration bank, indicating the name of the proxy.

The completed, signed and dated Bondholders participation form must be returned to the relevant central registration bank or to the Company (ORCO PROPERTY GORUP S.A., 42, rue de la Vallée, L-2661 Luxembourg, to Mr. Christophe Le Priol or Mrs. Françoise de Jongh, département juridique) no later than April 23, 2012, at the latest, in order to have that name recorded on the registration list of the Bondholders Meeting.

If a Bondholder wishes to be represented by a proxy other than the Chairman of the Bondholders Meeting, then this holder must (a) have obtained and delivered to the relevant central registration bank the Bondholders blocking certificate described above (see “Conditions for personal attendance”), and (b) complete, sign and date the Bondholders participation form that can be obtained at the registered office of the Company upon request or downloaded from the Company’s website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or the relevant central registration bank, indicating the name of the proxy. The completed, signed and dated Bondholders participation form must be returned to the relevant central registration bank or to the Company (ORCO PROPERTY GROUP S.A., 42, rue de la Vallée, L-2661 Luxembourg, to Mr. Christophe Le Priol or Mrs. Françoise de Jongh, département juridique) no later than April 23, 2012, at the latest, in order to have that name recorded on the registration list of the Bondholders Meeting.

Bondholders who have obtained the Bondholders blocking certificate and have executed a Bondholders participation form but who wish to revoke such proxy may do so at any time by timely delivering a properly executed, later dated participation form no later than April 23, 2012, at the latest, or by properly attending and voting in person at the Bondholders Meeting.

Simply attending the Bondholders Meeting without voting will not revoke the proxy.

*(ii) Bondholders whose ownership is directly recorded in the bond registry of the Company.*

Bondholders whose ownership is directly recorded in the bond registry of the Company must complete, sign and date the Bondholders participation form that can be obtained at the registered office of the Company upon request or downloaded from the Company's website at [www.orcogroup.com](http://www.orcogroup.com) or ultimately upon request to the financial intermediaries or the relevant central registration bank.

The completed, signed and dated Bondholders participation form must be returned to the relevant central registration bank or to the Company (ORCO PROPERTY GROUP S.A., 42, rue de la Vallée, L-2661 Luxembourg, to Mr. Christophe Le Priol or Mrs. Françoise de Jongh, département juridique) no later than April 23, 2012, at the latest.

### **3. Request for information and central registration banks**

Bondholders looking for more information can do so by:

*(i) contacting the Company's services directly:*

- At the registered office of the Company– Legal Department  
Tel.: +352 26 47 67 1  
Fax.: +352 26 47 67 67

*(ii) contacting one of the central registration banks :*

- For Bonds 2013 that are included in the Clearstream Banking or Euroclear Bank system and that are admitted to trading on the Euro MTF:

#### **CACEIS Corporate Trust**

Service assemblées

14 rue du Rouget de Lisle F-92889 Issy les Moulineaux

Fax : +33 1.49.08.05.82

Email: CT-Contact@caceis.com

Luxembourg, April 11, 2012

The Board of Directors of the Company

## ANNEX A:

### PROPOSED TERMS AND CONDITIONS OF THE OPG CONVERSION

#### The OPG Bonds:

The following bond issues (each a "**Tranche**"), all of which are subject to the terms and conditions of the *plan de sauvegarde* of the Company as approved by the Paris Commercial Court on 19 May 2010 (the "**Plan de Sauvegarde**"):

- € 50,272,605.30 OBSAR 1 bonds issued by OPG on 18 November 2005 (ISIN - FR0010249599, "**OPG Bonds 2010**");
- CZK 300,000,000.00 Czech Bonds issued by OPG on 3 February 2006 (ISIN - CZ0000000195, "**OPG Bonds 2011**"). As of the date of this document, €11,631,934 of nominal OPG Bonds 2011 remain outstanding;
- € 149,999,928.00 Convertible Bonds issued by OPG on 1 June 2006 (ISIN - FR0010333302, "**OPG Bonds 2013**");
- € 175,000,461.60 OBSAR 2 bonds issued by OPG on 28 March 2007 (ISIN - XS0291838992 / XS0291840626, "**OPG Bonds 2014**"); and
- € 24,169,193.39 Exchangeable Bonds in Suncani Hvar Shares issued by OPG on 30 June 2005 (ISIN - XS0223586420, "**OPG Bonds 2012**").

together, the "**OPG Bonds**" and holders thereof, "**OPG Bondholders**".

The OPG Bonds are deemed to correspond to an aggregate amount of €548.5m (the "**Claim**") for the sole purpose of the Transaction and only if the Transaction is fully implemented.

#### The OG Bonds

€ 100,100,052 five-year bonds issued by OG as per a prospectus dated 24 May 2007 (ISIN - XS0302623953, the "**OG Bonds**" and holders thereof, "**OG Bondholders**"). The OG Bonds correspond to a global amount of €129.1 million including accrued interests and reimbursement premium.

#### Overview of the Transaction:

The transaction proposed by an ad-hoc committee of OPG Bondholders representing approximately 1/3 of the nominal value of the OPG Bonds (the "**Transaction**") contemplates a restructuring launched by the Company whereby the OPG Bonds would be exchanged for a consideration consisting of (i) newly issued common shares of the Company (the "**Shares**") and (ii) new debt instruments.

In case of scenario 2 as described below, Transaction shall mean a restructuring launched by the Company whereby :

- the OPG Bonds would be exchanged for a consideration consisting of (i) newly issued common shares (the "**Shares**") of the Company and (ii) new debt instruments (the "**OPG Transaction**"); and
- the OG Bonds would be exchanged for a consideration consisting of (i) new bonds to be issued by OPG and convertible into shares of the Company, OG shares or cash (the "**OCA**") and (ii) new debt instruments (the "**OG Transaction**").

## I. KEY ECONOMIC TERMS

The proposed Transaction shall consist in:

- A.** Scenario 1 (transaction with OPG Bondholders only, in all cases other than those set out under scenario 3 below) :
- (i) The mandatory exchange of 86.3% of the number of the OPG Bonds of each Tranche for new Shares to be issued upon a decision of the extraordinary general meeting ("**EGM**") of the shareholders of OPG (the "**OPG Equity Consideration 1**"),  
it being specified that, subject to the conditions set out below, the mandatory exchange will not be carried out for any Tranche unless it is carried out for the OPG Bonds 2010, the OPG Bonds 2013 and the OPG Bonds 2014 Tranches, and
  - (ii) The exchange on a voluntary basis of the remaining OPG Bonds of each Tranche, the mandatory exchange of which as referred to in A.(i) above has been performed, against new bonds to be issued by OPG within the framework of a public exchange offer (the "**New Notes Consideration 1**"). Any outstanding OPG Bonds not exchanged on a voluntary basis shall retain the terms and conditions as per the *Plan de Sauvegarde*.
  - (iii) The free allocation to each existing shareholder of OPG of one warrant per OPG share, that would each give right to the subscription of one new Share at a price of € 4.10, with a 3-month maturity.
  - (iv) In this scenario, OPG shall not, and procures that OG shall not, offer to the OG Bondholders any consensual transaction that would provide economic terms and conditions more favorable for the OG Bondholders than those approved by the OG Bondholders' meeting on 5 April 2012.
- B.** Scenario 2 (global transaction with both OPG Bondholders and OG Bondholders):
- (i) The mandatory exchange of:
    - a) for the OPG Bonds, 89.9% of the number of the OPG Bonds of each Tranche for new Shares to be issued upon a decision of the EGM of the shareholders of OPG (the "**OPG Equity Consideration 2**"); it being specified that, subject to the conditions set out below, the mandatory exchange will not be carried out for any Tranche unless it is carried out for the OPG Bonds 2010, the OPG Bonds 2013 and the OPG Bonds 2014 Tranches, and
    - b) for the OG Bonds, 84.5% of the number of the OG Bonds for new bonds convertible into Shares (the "**OCA**") to be issued upon a decision of the board of directors of OPG (the "**OG Equity Consideration**");
  - (ii) the exchange on a voluntary basis of :
    - a) the remaining OPG Bonds of each Tranche, the mandatory exchange of which as referred to in B.(i)(a) above has been performed, against new bonds to be issued by OPG within the



framework of a public exchange offer (the "**New Notes Consideration 2**"). Any outstanding OPG Bonds not exchanged on a voluntary basis shall retain the terms and conditions as per the Plan de Sauvegarde;

- b) the remaining OG Bonds, after the mandatory exchange as referred to in B.(i)(b) above has been performed, against new bonds to be issued by OPG within the framework of an exchange public offer (the "**OG New Notes Consideration**"). The terms and conditions of any outstanding OG Bonds not exchanged on a voluntary basis shall be amended to have their maturity postponed to 2050 and their interest rate lowered to 0.5% per annum, with effect immediately after the closing of the voluntary public exchange offer.

If an agreement on scenario 2 is reached with certain of the OG Bondholders no later than 17 April 2012, then scenario 2 shall prevail.

C. Scenario 3 (transaction with OPG Bondholders only in case the OPG Bond Conversion Condition is fulfilled, as defined in the terms and conditions of the OCA approved by the OG Bondholders general meeting of April 5, 2012, it being agreed that under such scenario the OG Bondholders shall convert 100% of their claims under the OG Bonds into OPG equity instruments for no more than 27.2 million Shares and shall not receive any OG equity instruments nor any debt consideration):

- (i) The mandatory exchange of 73.6% of the number of the OPG Bonds of each Tranche for new Shares to be issued upon a decision of the extraordinary general meeting ("**EGM**") of the shareholders of OPG (the "**OPG Equity Consideration 3**"),

it being specified that, subject to the conditions set out below, the mandatory exchange will not be carried out for any Tranche unless it is carried out for the OPG Bonds 2010, the OPG Bonds 2013 and the OPG Bonds 2014 Tranches, and

- (ii) The exchange on a voluntary basis of the remaining OPG Bonds of each Tranche, the mandatory exchange of which as referred to in C.(i) above has been performed, against new bonds to be issued by OPG within the framework of a public exchange offer (the "**New Notes Consideration 1**"). Any outstanding OPG Bonds not exchanged on a voluntary basis shall retain the terms and conditions as per the *Plan de Sauvegarde*.

## I-1. OPG Equity Consideration

### 1. Size of Share Issue:

**Under scenario 1:**

97,900,000 Shares for a value of € 473.3 million; or

**Under scenario 2:**

65,000,000 Shares for a value of € 493.3 million; or

**Under scenario 3:**

45,000,000 Shares for a value of € 403.8 million.

## 2. Subscribers to the Shares Issue:

OPG Bondholders will be reserved the subscription to the Shares by way of exchange with their OPG Bonds.

For all Tranches, the ratio for the exchange of OPG Bonds for new Shares shall be defined pro rata of the portion of the Claim allocated to each relevant Tranche taking into account possible rounding differences.

## 3. Documentation:

A documentation shall be established for the purpose of the Share Issue and/or the admission of the Shares to trading and in particular a prospectus which shall be drafted in accordance with the provisions of Luxembourg law dated 10 July 2005 on prospectuses for securities (the "**Prospectus Law**") and approved by the competent authority (the *Commission de Surveillance du Secteur Financier*, the "**CSSF**").

## 4. Timing of exchange

The exchange of OPG Bonds for new Shares shall occur on or after the date on which the CSSF has approved the prospectuses relating to the Shares, the New Notes and, in scenario 1, the Warrants. This condition is stipulated to the benefit of the OPG Bondholders and may be waived by a decision of the relevant general meetings of the OPG Bondholders.

### I-2. OG Equity Consideration

**Under scenario 1** : under scenario 1, OPG shall not, and procures that OG shall not, offer to the OG Bondholders any consensual transaction that would provide economic terms and conditions more favorable for the OG Bondholders than those approved by the OG Bondholders' meeting on 5 April 2012.

**Under scenario 2**: the OG Equity consideration shall consist in the OCA the terms and conditions of which are described as follows:

**1. Main terms of the OCA** *84.5% of the number of the OG Bonds shall convert for their total nominal amount, accrued interest and reimbursement premium (EUR 109.1 million) into OCA two business days after the OPG Transaction Approval (as defined below) and in any case no later than [28 May] 2012 (the "OCA Issue Date") which are convertible as follows:*

- **First Payment:** *OCA in an aggregate nominal amount of EUR 76,000,000 are converted into 18,361,548 OPG Shares no later than [18 June] 2012; this conversion is made at a ratio of 124 OPG Shares for each OCA.*
- **Second Payment:** *up to [16 July] 2012 (the "Exchange Date"), the OCA in an aggregate nominal amount of EUR 33,129,067 (the "Second Payment Amount")*

*(i) can be repaid, at the option of OPG, in full*

*but not in part, by OPG, in cash in immediately available funds in an amount of EUR 223.73 per one OCA; for the avoidance of doubt, in the event OPG elects to repay in cash but fails to make such payment, OPG shall be deemed not to have elected to make such cash payment and the OCA shall convert into shares as provided below; or*

*(ii) can be converted into 53 OPG shares per one OCA, representing a total number of 7,848,081 OPG shares, as decided by a meeting of the OCA holders (at a majority vote of 50% plus 1 OCA of all the OCA outstanding).*

- *On the Exchange Date, and provided they have not already been repaid in cash in immediately available funds or converted pursuant the paragraph above, the OCA in an aggregate nominal amount equal to the Second Payment Amount, shall be converted into shares as follows:*

*(i) if and provided that the OPG Bond Conversion Condition is met three (3) business days prior to the Exchange Date (the "**Longstop Date**"), the OCA shall be converted into 53 OPG shares per one OCA, representing a total number of 7,848,081 OPG Shares;*

*(ii) if and provided the OPG Bond Conversion Condition is not met on the Longstop Date, the OCA shall, as decided by the meeting of the OCA holders (at a majority vote of 50% plus 1 OCA of all the OCA outstanding), be converted into either:*

- *53 OPG shares per one OCA representing a total number of 7,848,081 OPG Shares; or*
- *OG shares in a number representing, on the Exchange Date and after completion of the OG Bond Equitization (as*

*defined below) and the Nominal Value Reduction (as defined below), 55% of the share capital and voting rights of OG on a fully diluted basis, it being specified that, in the event OPG elects not to repay the OCA in cash, the election decision of the OCA holders referred to in this paragraph shall not be required to be made by [9 July] 2012 but can be extended as necessary to allow for proper notice period, quorum, and majority decision of the OCA holders' meeting to be taken in accordance with applicable laws (in which case, the Exchange Date shall be postponed accordingly).*

*If the OCA converts into 55% of OG shares in accordance with the above provisions, only those OCA holders who have remitted to OPG (i) their OCA and (ii) their remaining OG Bonds shall receive their pro rata number of OG shares calculated on the basis of the number of OCA and remaining OG Bonds remitted by them, it being specified that the total of all remaining OCA and OG Bonds shall equal 55% of the OG shares.*

- *Prior to the Second Payment, OPG shall :*
  - (a) vote at the relevant shareholders' meeting of OG resolving the OG Bonds Equitization in favor of a reduction of the nominal value of each share issued by OG (the "Nominal Value Reduction");*
  - (b) convert the EUR 109.1 million*

*including the accrued coupons of OG Bonds that OPG holds into additional new shares of OG in a number which shall be determined on the basis of the volume weighted average price of OG shares on the main market of the Frankfurt stock exchange over a period of 6 (six) months prior to [12 April] 2012 (the "OG Bonds Equitization").*

*The Longstop Date may be extended at the request of OPG provided that such extension has been agreed by a decision of the OCA holders (taken in accordance with the quorum and majority requirements provided for by law in a meeting of Bondholders convened and held prior to [9 July] 2012).*

**2. Listing of the OPG shares / OG shares** *OPG and OG shall take all necessary steps and use their best efforts to obtain, the admission to listing, on the regulated markets on which OPG's and OG ordinary shares are currently listed, of the shares to be issued or delivered upon conversion of the OCA as soon as possible after the issue of the OCA, and will use its best efforts to maintain such admission to listing.*

**3. Condition for the conversion of the OCA under the First Payment** *The conversion of the OCA into OPG Shares under the First Payment shall occur on or after the date on which the CSSF has approved the prospectus relating to such OPG Shares. This condition is stipulated to the benefit of the OCA holders and may be waived by a decision of the general meeting of the OCA holders no later than [14 June] 2012.*

**4. Condition for the conversion of the OCA under the Second Payment** *The conversion of the OCA into OPG Shares under the Second Payment, as the case may be, shall occur on or after the date on which the CSSF has approved the prospectuses relating to such OPG Shares and the New Notes. This condition is stipulated to the benefit of the OCA holders and may be waived by a decision of the general meeting of the OCA holders no later than [13 July] 2012*

**5. The OPG Bond** *"OPG Bond Conversion Condition" means the*

- Conversion Condition** *approval of the OPG Transaction as described in this annex A at the relevant majority by the general meetings of the OPG Bondholders holding the OPG Bonds 2010, OPG Bonds 2013 and OPG Bonds 2014.*
- 6. Transfer Restrictions / Listing of the OCA** *The OCA shall not be negotiable on the capital markets and shall not be offered to the public.*  
*The OCA shall not be listed and/or admitted to trading on any stock exchange within the European Economic Area nor on a stock exchange outside the European Economic Area.*
- 7. Status of the OCA:** *The OCA shall constitute direct, general and unconditional obligations of OPG which will at any time rank pari passu among themselves and at least pari passu with all the other present and future unsecured obligations of OPG, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.*
- 8. Interest:** *The OCA shall bear an interest per year of 0.01% (the "**Interest**") from, and including, the issue date until, and including, the Exchange Date, calculated on the basis of a year of 360 days. The Interest shall be paid by OPG in one instalment on the date of the Second Payment.*  
*For the avoidance of doubt, the First Payment Amount shall bear no interest.*
- 9. Security:** *The OCA holders shall benefit, as from the issue date, from a lien over 55% of all shares issued by OG and held by OPG as collateral in a separate securities account that shall be pledged to the benefit of the OCA holders for (i) the repayment in cash of the OCA, if any, and (ii) the conversion of the OCA into OG shares, if any, in accordance with the provisions above.*
- 10. Applicable Law:** *Luxembourg Law*

**Under scenario 3:** not applicable under these terms and conditions.

### **I-3. New Notes Consideration 1 under scenarios 1 and 3**

#### **1. Issuer:**

Orco Property Group SA (the "**Company**" or "**OPG**").

**2. Issue Date of the New Notes:**

After the granting of the authorisation by the Commercial Court of Paris pursuant to the *Plan de Sauvegarde* to proceed to such public exchange offer and promptly after closing of the offer period of the public exchange offer which shall begin after approval by the CSSF of the terms and conditions of the public exchange offer, such approval being scheduled to occur upon closing of the OPG Equity Consideration.

**3. Nominal Amount:**

Scenario 1:

The OPG Bondholders who accept the proposed exchange referred to in under paragraph I.A.(ii) above will receive new debt instruments (the “**New Notes**”), in exchange for their residual OPG Bonds post completion of the mandatory exchange referred to in paragraph I.A.(i) above.

The proposed amount of the New Notes to be issued assuming 100% participation by the OPG Bondholders to the voluntary exchange offer shall be of up to €75.2 million (such amount shall be adjusted to take into account the final size of the Share Issue under the Equity Consideration after rounding).

Scenario 3:

The OPG Bondholders who accept the proposed exchange referred to in under paragraph I.C.(ii) above will receive new debt instruments (the “**New Notes**”), in exchange for their residual OPG Bonds post completion of the mandatory exchange referred to in paragraph I.C.(i) above.

The proposed amount of the New Notes to be issued assuming 100% participation by the OPG Bondholders to the voluntary exchange offer shall be of up to €144.7 million (such amount shall be adjusted to take into account the final size of the Share Issue under the Equity Consideration after rounding).

**4. Security:**

None.

**5. Maturity:**

28 February 2018 (the “**Maturity Date**”).

**6. Coupon:**

The New Notes will bear a coupon per annum of

- (i) 5% cash *plus* 5% PIK, as long as more than 75% of the Nominal Amount remain outstanding
- (ii) 4% cash *plus* 4% PIK, as long as more than 50% but no more than 75% of the Nominal Amount remain outstanding
- (iii) 4% cash plus 3% PIK, as long as no more than 50% of the Nominal Amount remain outstanding

The PIK element of the coupon shall, subject to the provisions of article 1154 of the Luxembourg civil code, be compounding annually from the Issue Date until the Maturity Date and remains subject to the issuance by the Company of a capitalisation notice each year in relation to interest accrued and due for more than 1 year; if such notice is not refused by the holders of the New Notes within a period to be agreed in the final documentation, then it will be

deemed to be accepted by them.

#### **7. Amortisation Dates:**

- 28 February 2015: 25% of the Nominal Amount;
- 28 February 2016: 25% of the Nominal Amount;
- 28 February 2017: 25% of the Nominal Amount;
- 28 February 2018: The outstanding principal amount of the New Notes.

#### **8. Redemption:**

In cash only at the Amortisation Dates.

#### **9. Mandatory Prepayment on Asset Disposals:**

In scenario 1, the Company will procure that 25% of the Net Proceeds (as defined below) received from the earlier of (i) 30 June 2012 onwards and (ii) the Issue Date of the New Notes, by OPG or any of its subsidiaries as a result of the disposal of the following assets is applied in prepayment of the New Notes (the “**Prepaid Amounts**”):

- Fillion Shopping Center
- Radio Free Europe
- Vaci 1
- CEE Hotels (including Pachtuv Palace)
- Na Porici
- Hradcanska
- Diana Office
- Capellen
- Stribro
- Marki
- Vaci 188
- Paris Department Store
- Zlota (only upon completion of project development)
- Molcom (any part of the deferred payment amount in excess of €20m and any earn-out component).

The Prepaid Amounts should reduce the upcoming payments due as per the Amortisation Dates in straight chronological order and shall be paid within 30 business days from receipt of Net Proceeds by OPG but in any case no earlier than the Issue Date of the New Notes.

"Net Proceeds" shall mean the gross sale proceeds less (a) liabilities becoming due at disposal including bank cash sweep, (b) disposal expenses and (c) taxes becoming due at disposal.

In scenario 3, the Prepaid Amounts shall amount to 37.5% of the Net Proceeds.

#### **10. Other Terms and Conditions:**

The terms and conditions of the New Notes will include customary provisions in terms of events of default, covenants, negative pledge provisions and applicable law, including the following:

**Applicable law:** Luxembourg law.

**Status of New Notes:** direct, unconditional, and unsubordinated obligations



ranking pari passu.

**Negative Pledge**<sup>2</sup>: Only on OPG S.A. level (excluding the share pledge on 55% of all shares issued by OG for the benefit of the OCA holders)

**Incurrence of Financial Indebtedness:**

- limitation on the incurrence of new indebtedness by OPG subsidiaries such that LTV is not in excess of 65% (excluding any refinancing of any existing indebtedness)
- limitation on the incurrence of new indebtedness by OPG S.A. and by OG S.A. in excess of € 5 million (excluding any refinancing of any existing indebtedness)

**Early redemption in case of Event of Default:**

Grace periods:

- payment default (principal, interest or any other amount in respect of the New Notes): 5 business days;
- default in relation to any other obligations: 30 days.

Enforcement action provision.

Cross-default : no cross-default provision.

The New Notes shall not be due if the Company remedies the situation no later than the day preceding the general meeting of the holders of the New Notes resolving on the occurrence of an Event of Default.

**Early redemption at Company's discretion:** at any time at 100% of the Nominal Amount.

**Repurchase of New Notes by the Company on secondary market:** at any time at arm's length terms subject to New Notes repurchased being cancelled as soon as possible thereafter. For the avoidance of doubt, New Notes repurchased by the Company will not qualify for the Mandatory Prepayment on Asset Disposals referred to above;

**Representation of the noteholders:** the noteholders will be represented and the general meetings of noteholders will be organized in accordance with the provisions of articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.

**Restrictions on transfer of New Notes:** none.

Save as otherwise provided in these Heads of Terms, the terms and conditions of the New Notes will be similar to those of the OPG Bonds.

**11. Documentation:**

- A prospectus for the public offer of the New Notes will have to be drafted in accordance with the provisions of the Prospectus Law. This prospectus will also have to be approved by the CSSF.
- An exchange offer memorandum shall be drafted to inform the OPG Bondholders on the possibility to accept the public exchange offer and the terms of the public exchange offer.

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<sup>2</sup> The Negative Pledge provision shall be similar to the provision 4.1.5.2 of the OPG Bonds 2014 prospectus.

#### **I-4. OPG and OG New Notes Consideration under scenario 2**

Under scenario 2, the OPG and OG New Notes Consideration as referred to in section I.B.(ii) above shall have the following terms.

**1. Issuer:** *Orco Property Group SA (the “Company” or “OPG”).*

**2. Issue Date of the New Notes:** *After the granting of the authorisation by the Commercial Court of Paris pursuant to the Plan de Sauvegarde to proceed to such public exchange offer and promptly after closing of the offer period of the public exchange offer which shall begin after approval by the CSSF of the terms and conditions of the exchange public offer, such approval being scheduled to occur upon closing of the OPG Equity Consideration and the OG Equity Consideration transactions.*

*In the case where the mandatory exchange of the OPG Bonds as referred to in paragraph I.B(i)(a) above has not been performed on or before [31 July 2012], the voluntary public exchange offer referred to above shall be opened only to the holders of OG Bonds.*

*It being specified that the voluntary public exchange offer as referred to above shall not be offered to the OG Bondholders in the case where the OCA holders would have elected to obtain OG shares in accordance with the terms and conditions of the OCA.*

**3. Nominal Amount:** *The OPG Bondholders and the OG Bondholders who accept the proposed exchange referred to in paragraph I.B(ii) above will receive new debt instruments (the “New Notes”), in exchange for their residual OPG Bonds or OG Bonds, as the case may be, post completion of the mandatory exchange I.B (i) above.*

*The proposed amount of the New Notes to be issued assuming 100% participation by the OPG Bondholders and the OG Bondholders to the voluntary exchange offer shall be of up to, respectively :*

- as regards the OPG bondholders, € 55.2 million (such amount shall be adjusted to take into account the final size of the Share Issue under the OPG Equity Consideration after rounding);*
- as regards the OG bondholders, € 20 million (such amount shall be adjusted to take into account the final size of the OCA issue under the OG Equity Consideration after rounding).*

**4. Security:** *None.*

**5. Maturity:** *28 February 2018 (the “Maturity Date”).*

## 6. Coupon:

*The New Notes will bear a coupon per annum of*

- (iv) 5% cash plus 5% PIK, as long as more than 75% of the Nominal Amount remain outstanding*
- (v) 4% cash plus 4% PIK, as long as more than 50% but no more than 75% of the Nominal Amount remain outstanding*
- (vi) 4% cash plus 3% PIK, as long as no more than 50% of the Nominal Amount remain outstanding*

*The PIK element of the coupon shall, subject to the provisions of article 1154 of the Luxembourg civil code, be compounding annually from the Issue Date until the Maturity Date and remains subject to the issuance by the Company of a capitalisation notice each year in relation to interest accrued and due for more than 1 year; if such notice is not refused by the holders of the New Notes within a period to be agreed in the final documentation, then it will be deemed to be accepted by them.*

## 7. Amortisation Dates:

- 28 February 2015: 25% of the Nominal Amount;*
- 28 February 2016: 25% of the Nominal Amount;*
- 28 February 2017: 25% of the Nominal Amount;*
- 28 February 2018: The outstanding principal amount of the New Notes.*

## 8. Redemption:

*In cash only at the Amortisation Dates.*

## 9. Mandatory Prepayment on Asset Disposals:

*The Company will procure that 25% of the Net Proceeds (as defined below) received from the earlier of (i) 30 June 2012 onwards and (ii) the Issue Date of the New Notes, by OPG or any of its subsidiaries as a result of the disposal of the following assets is applied in prepayment of the New Notes (the “Prepaid Amounts”):*

- Fillion Shopping Center*
- Radio Free Europe*
- Vaci 1*
- CEE Hotels (including Pachtuv Palace)*
- Na Porici*
- Hradcanska*
- Diana Office*
- Capellen*
- Stribro*
- Marki*
- Vaci 188*
- Paris Department Store*
- Zlota (only upon completion of project development)*
- Molcom (any part of the deferred payment amount in excess of €20m and any earn-out component).*

## 10. Other Terms and Conditions:

The Prepaid Amounts should reduce the upcoming payments due as per the Amortisation Dates in straight chronological order and shall be paid within 30 business days from receipt of Net Proceeds by OPG but in any case no earlier than the Issue Date of the New Notes.

"Net Proceeds" shall mean the gross sale proceeds less (a) liabilities becoming due at disposal including bank cash sweep, (b) disposal expenses and (c) taxes becoming due at disposal.

The terms and conditions of the New Notes will include customary provisions in terms of events of default, covenants, negative pledge provisions and applicable law, including the following:

**Applicable law:** Luxembourg law.

**Status of New Notes:** direct, unconditional, and unsubordinated obligations ranking *pari passu*.

**Negative Pledge**<sup>3</sup>: Only on OPG S.A. level (excluding the share pledge on 55% of all shares issued by OG for the benefit of the OCA holders as referred to above)

**Incurrence of Financial Indebtedness:**

- limitation on the incurrence of new indebtedness by OPG subsidiaries such that LTV is not in excess of 65% (excluding any refinancing of any existing indebtedness)
- limitation on the incurrence of new indebtedness by OPG S.A. and OG SA in excess of € 5 million (excluding any refinancing of any existing indebtedness)

**Early redemption in case of Event of Default:**

Grace periods:

- payment default (principal, interest or any other amount in respect of the New Notes): 5 business days
- default in relation to any other obligations: 30 days

Enforcement action provision.

Cross-default : no cross-default provision.

The New Notes shall not be due if the Company remedies the situation no later than the day preceding the general meeting of the holders of the New Notes resolving on the occurrence of an Event of Default.

**Early redemption at Company's discretion:** at any time at 100% of the Nominal Amount.

**Repurchase of New Notes by the Company on secondary market:** at any time at arm's length terms subject to New Notes repurchased being cancelled as soon as possible thereafter. For the avoidance of doubt, New Notes repurchased by the Company will not qualify for the Mandatory Prepayment on Asset Disposals referred to above;

**Representation of the noteholders:** the noteholders will be represented and the general meetings of noteholders will be organized in accordance with the

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<sup>3</sup> The Negative Pledge provision shall be similar to the provision 4.1.5.2 of the OPG Bonds 2014 prospectus.

provisions of articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended.

**Restrictions on transfer of New Notes:** none.

Save as otherwise provided in these Heads of Terms, the terms and conditions of the New Notes will be similar to those of the OPG Bonds.

**11. Documentation:**

- A prospectus for the public offer of the New Notes will have to be drafted in accordance with the provisions of the Prospectus Law. This prospectus will also have to be approved by the CSSF.
- An exchange offer memorandum shall be drafted to inform the OPG Bondholders on the possibility to accept the public exchange offer and the terms of the public exchange offer.

**I-5. Warrants under scenario 1**

<b>1. Issuer:</b>	OPG
<b>2. Description:</b>	Warrant giving the right to subscribe for new OPG Shares (the “Warrants”). Each Warrant is allocated for free.
<b>3. Number of Warrants:</b>	1 Warrant per existing OPG share as of the date hereof, i.e. 17,053,866 Warrants
<b>4. Subscription ratio:</b>	Each Warrant gives the right to subscribe for 1 new OPG Share
<b>5. Subscription price:</b>	€ 4.10 per OPG Share
<b>6. Maturity:</b>	The Warrants may be exercised at any time between the date of issuance and a date which is 3 months after the date of issuance.
<b>7. Listing:</b>	Yes.

**II. OTHER TERMS**

For the avoidance of doubt, all the provisions set forth below in this section "Other Terms" shall be applicable under scenario 1, scenario 3 and scenario 2, save for certain provisions (where indicated) which shall only be applicable to scenario 2.

<b>1. Governance</b>	Each member of the board shall have one voting right. Decisions of the board shall be taken at simple majority. Majority of the board will be held by non-executive members.
<b>2. Shareholders' meeting</b>	OPG undertakes (i) to convene a shareholders' meeting upon request from one or several shareholders holding at least, individually or collectively, 10% of the share capital of OPG and (ii) to add to the agenda of any shareholders' meeting any additional point upon request from one or several shareholders holding at least, individually or collectively, 5% of the share capital of OPG.
<b>3. Reserved Matters</b>	Decisions to be submitted to the board of directors shall include, among others:

- Capital expenditures in excess of €5m;
- Incurrence of Financial Indebtedness:
  - limitation on the incurrence of new indebtedness by OPG subsidiaries such that LTV is not in excess of 55% (excluding any refinancing of any existing indebtedness);
  - limitation on the incurrence of new indebtedness by OPG S.A. in excess of €5m (excluding any refinancing of any existing indebtedness);
- Any merger/acquisition/disposal/joint venture operations in excess of €10m;
- Any distribution of dividends;
- The issuance of new shares or equity-linked instruments;
- Appointment and removal of Chairman of the board of directors and Company's Chief Executive Officer;
- Any transactions involving OPG or any of its subsidiaries not completed on an arms-length basis.

#### 4. Standstill

The Company shall not implement an issuance of new Shares or equity-linked instruments without preferential subscription rights of the shareholders in excess of € 10 million or with an issue price below € 5.5 per share within the period from and including 10 April 2012 to and including the date which falls 90 calendar days following the earlier of (i) the first OPG shareholders meeting to be held following the issuance of the Shares within the framework of the OPG Equity Consideration and (ii) 15 July 2012 (the "**Standstill**").

For the avoidance of doubt, the Standstill shall not apply to (i) the OG bond equitization to take place in relation to the OCA nor (ii) to any share capital issue to be carried out for the purposes of the proposal to other creditors of OPG as referred to below in this Annex A.

#### 5. Lock-up

- In case of scenario 1 and scenario 3, 30% of new Shares will be subject to a lock-up for a period of 6 months after completion of the Transaction (the "**Lock-up 1**");
- In case of scenario 1 and scenario 3, in order to prevent short selling, new Shares to be issued in the framework of this Transaction cannot be lent or otherwise alienated to third parties as long as they are subject to the Lock-up 1. For the avoidance of doubt, OPG Bondholders are entitled amongst each other to transact or lend any new Shares that are the result of the Transaction during the Lock-up 1.
- In case of scenario 2, 30% of new OPG shares to be issued in accordance with the OPG Equity Consideration and the OG Equity Consideration will be subject to a lock-up for a period of 6 months after completion of the Transaction (the "**Lock-up 2**")
- In case of scenario 2, in order to prevent short selling, new OPG shares issued in the framework of this Transaction cannot be lent or otherwise alienated to third parties as long as they are subject to the Lock-up 2. For the avoidance of doubt, OPG Bondholders and OG Bondholders are entitled amongst each other to transact or lend any new Shares that are the result of the Transaction during the Lock-up 2.

## 6. Conditionality of the Proposed Transaction

Implementation of the Transaction reflecting the terms specified herein is subject to the following further conditions:

- (i) Approval of the Transaction by the board of directors of OPG, and in particular the issuance of the New Notes upon the closing of the public exchange offer;
- (ii) Approval of the Transaction at the relevant majority by the general meetings of the OPG Bondholders holding the OPG Bonds 2010, OPG Bonds 2013 and OPG Bonds 2014;
- (iii) Approval of the Transaction by an OPG EGM deciding in particular the share capital increase of OPG in relation to the OPG Equity Consideration;
- (iv) Approval by the Commercial Court of Paris to amend the terms of the *Plan de Sauvegarde* following a filing to be submitted by the Company;
- (v) Approval at the relevant majority by the general meetings of the OPG Bondholders holding the OPG Bonds 2010, OPG Bonds 2013 and OPG Bonds 2014 of a resolution instructing the bondholders' representatives of the OPG Bonds 2010, OPG Bonds 2013 and OPG Bonds 2014 (a) to finally and definitively waive and withdraw the current lawsuits initiated by the bondholder's representatives of the OPG Bonds 2010, OPG Bonds 2013 and OPG Bonds 2014 (including the *tierce opposition* as well as the appeals against the supervisory judge's orders regarding the *requêtes en interprétation*, it being specified, for the avoidance of doubt, that the bondholders' representatives of the OPG Bonds 2010, OPG Bonds 2013 and OPG Bonds 2014 shall be instructed to file "*conclusions de désistement d'instance et d'action*" in the course of such proceedings according to the French Civil Procedure Code, immediately after conditions (i), (ii), (iii), (iv), (vi), (vii) and (viii) shall have been fulfilled) and (b) not to further challenge the judgment dated 19 May 2010 adopting the *Plan de Sauvegarde*;
- (vi) Withdrawal by OPG from any pending action, litigation or recourse against Mr. Luc Leroi in his capacity as bondholders' representative of any of the OPG Bonds and undertaking by OPG not to further claim from Mr. Luc Leroi in his capacity as bondholders' representative of any of the OPG Bonds any compensation, indemnification or damages; it being agreed that such withdrawal and undertaking are subject to conditions (i), (ii), (iii), (iv), (v), (vii) and (viii) being fulfilled;
- (vii) A *réviseur d'entreprise agréé* appointed by OPG has issued a report giving a description of the proposed contributions of the OPG Bonds as well as of the methods of valuation used and stating that the values resulting from the application of these methods correspond at least to the number and accounting par value and the share premium of the new Shares to be issued within the OPG Equity Consideration;
- (viii) Approval by the CSSF of the prospectuses relating to the Shares, the New Notes and, in scenario 1, the Warrants. This condition is stipulated to the benefit of the OPG Bondholders and may be waived by a decision of the relevant general meetings of the OPG Bondholders.

In case of scenario 2, the additional conditions need to be fulfilled:

- (ix) Approval of the OG Transaction at the relevant majority by the general meeting of the OG Bondholders; in this respect, the OG Committee shall vote in favour of the OG Transaction as described in this Annex A;
- (x) Approval of the OG Transaction at the relevant majority by the general

meeting of the OG warrant holders;

- (xi) A *réviseur d'entreprises agréé* appointed by OPG has issued a report giving a description of the proposed contributions as well as of the methods of valuation used and stating that the values resulting from the application of these methods correspond at least to the number and accounting par value and the share premium of the new OPG shares to be issued in consideration for the contribution of all of the OG Bonds within the OG Transaction.

## **7. Existing OPG Warrants**

OPG shall hold and maintain that number of OPG Bonds of each of the OPG Bonds 2010 and OPG Bonds 2014 Tranches which are necessary to exercise the OPG warrants of the relevant Tranche (where the exercise of the OPG warrants can be done by *inter alia* payment of the exercise price through the remittance of OPG Bonds) for the duration of the exercise period of the OPG warrants, it being agreed that (i) such provision shall not affect the economic terms of the Transaction and that (ii) OPG shall not sell any such OPG Bonds 2010 and OPG Bonds 2014 for any purpose other than the exercise of the OPG warrants.

## **8. Proposal to other creditors of OPG**

The other creditors of OPG under the *procédure de sauvegarde* (suppliers, banks having exercised their guarantees vis-à-vis OPG, other non bank creditors) shall be offered a transaction identical to the Transaction. In order to be able to accommodate for this offer, OPG shall propose to its EGM of shareholders respective adjustments to the authorised capital.