



A public limited liability company (*société anonyme*) with an issued share capital of € 57,620,850.60 and an authorised share capital of € 410,000,000.00

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

## SECURITIES NOTE AND SUMMARY DATED 13 September 2011

### Admission to trading of 3,000,000 shares to be issued on 22 September 2011.

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**") will issue 3,000,000 new Orco shares (the "**New Shares**") on 22 September 2011.

The New Shares will be issued for a subscription price of € 27,000,000 in aggregate, paid by a contribution in kind (hereinafter the "**Issue**").

The ordinary shares of the Company (the "**Shares**") are currently listed on Eurolist by Euronext Paris S.A. ("**Eurolist by Euronext Paris**"), the main market of Burza cenných papírů Praha, a.s. (the "**Prague Stock Exchange**"), on the main market of Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (the "**Warsaw Stock Exchange**") and on the regulated market of the Budapesti Értéktőzsde (the "**Budapest Stock Exchange**").

This document comprises a securities note (the "**Securities Note**") and a summary (the "**Summary**") relating to the New Shares. The Securities Note, the Summary and the registration document dated 13 September 2011 and relating to the Issuer (the "**Registration Document**") together 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 LUXEMBOURG PROSPECTUS LAW.** 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**"), the Polish competent authority (the Polish Financial Supervision Commission, the "**PFSC**") and the Hungarian competent authority (the Hungarian Financial Supervisory Authority, the "**HFS**"), 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](http://www.bourse.lu)), the Company's website ([www.orcogroup.com](http://www.orcogroup.com)).

## CONTENTS

<b>SUMMARY OF THE PROSPECTUS</b> .....	<b>4</b>
<b>A. MAIN CHARACTERISTICS OF THE ISSUE OF NEW SHARES</b> .....	4
Context.....	4
Main characteristics of the New Shares.....	5
<b>B. TERMS OF THE ISSUE OF SHARES</b> .....	6
Restrictions.....	6
Placement.....	6
Dilution.....	6
<b>C. BASIC INFORMATION CONCERNING ORCO AND ITS FINANCIAL STATEMENTS</b> .....	6
Basic information.....	6
Selected financial data.....	7
<b>D. SUMMARY OF THE MAIN RISK FACTORS</b> .....	7
<b>E. DIRECTORS AND MANAGEMENT</b> .....	8
Members of the Board of Directors.....	8
Executive Committee.....	8
External auditors.....	8
<b>F. SHARE OWNERSHIP AND VOTING RIGHTS</b> .....	9
<b>G. PERSONS RESPONSIBLE FOR THE SUMMARY OF THE PROSPECTUS</b> .....	11
Persons responsible for the Summary of the Prospectus.....	11
Declaration by the persons responsible for the Summary of the Prospectus.....	11
<b>SECURITIES NOTE</b> .....	<b>12</b>
<b>1. PERSONS RESPONSIBLE FOR THE SECURITIES NOTE</b> .....	<b>12</b>
1.1 Persons responsible for the Securities Note.....	12
1.2 Persons responsible for the financial information.....	12
1.3 Declaration by the persons responsible for the Securities Note.....	12
<b>2. RISK FACTORS</b> .....	<b>13</b>
2.1 Risks associated with the Issuer.....	13
2.2 Risks associated with the Issue and the Shares.....	13
2.2.1 Shareholders may face potential dilution of their shareholdings in the future.....	13
2.2.2 Future sale of Shares may affect their market value.....	13
2.2.3 Returns on the Shares may be limited to capital appreciation.....	13
2.2.4 The market price of the Shares could prove to be volatile.....	13
2.2.5 The Shareholders could suffer a total loss in the value of their Shares in the event of the Company's insolvency..	13
2.2.6 Legal and tax advice.....	14
2.2.7 Deduction at source.....	14
2.2.8 Trading in the Shares on Euronext Paris, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest Stock Exchange may be suspended.....	14
2.2.9 The Shares may be excluded from trading on Euronext Paris, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest Stock Exchange.....	14
2.2.10 Risks related to court proceedings linked to capital increases in April 2010.....	14
<b>3. BASIC INFORMATION</b> .....	<b>15</b>
3.1 Working capital statement, equity and indebtedness.....	15
3.2 Interest of persons involved in the Issue.....	16
3.3 Use of proceeds.....	16
<b>4. INFORMATION CONCERNING THE ISSUE</b> .....	<b>16</b>
4.1. Description of the New Shares - Type, category and Settlement Date of the New Shares.....	16
4.2 Jurisdiction and applicable law.....	17
4.2.1 Applicable law.....	17
4.2.2 Competent courts.....	17
4.3 Form and method of delivery of the New Shares.....	17
4.4 Issue currency.....	18
4.5 Rights and restrictions attached to the Shares.....	18
4.6 Resolutions and authorisations by virtue of which the New Shares will be issued.....	21
4.6.1 Resolution of the extraordinary general meeting of Shareholders.....	21
4.6.2 Decision of the Board of Directors.....	21

4.7 Issue date of the New Shares .....	21
4.8 Restriction on the free trading of the New Shares .....	21
4.9 Applicable legislation on public offerings .....	21
4.9.1 Mandatory Bid .....	22
4.9.2 Right of squeeze-out .....	22
4.9.3 Sell-out .....	22
4.9.4 Board opinion .....	22
4.9.5 Employees' information .....	22
4.9.6 Breakthrough rules .....	22
4.9.7 Defensive measures .....	23
4.9.8 Disclosure obligations .....	23
4.10 Recent takeover bids .....	24
4.11 Taxation in Luxembourg .....	24
4.11.1 Dividends .....	24
4.11.2 Capital gains .....	24
4.12 Taxation in Hungary .....	25
4.12.1 Dividends .....	25
4.12.2 Capital Gains .....	26
Tax liabilities of shareholders as natural persons .....	26
Individuals residing in Hungary .....	26
4.13 Taxation in France .....	26
4.13.1 French Residents for Taxation Purposes .....	27
4.13.2 Non Residents for French Taxation Purposes .....	29
4.13.3 Other Shareholders .....	30
4.14 Taxation in Poland .....	30
4.14.1 Dividend distribution .....	31
4.14.2 Capital Gains .....	31
4.15 Taxation in Czech Republic .....	31
Individual investors who are Czech tax resident holding securities as private investment .....	32
4.15.1 Czech tax resident shareholders that are legal entities .....	32
4.15.2 Withholding Tax .....	33
4.15.3 Other Taxes and Duties .....	33
<b>5. CONDITIONS OF THE ISSUE OF NEW SHARES .....</b>	<b>33</b>
5.1 Conditions, provisional schedule and conditions of subscription .....	33
5.1.1 Conditions of the issue .....	33
5.1.2 Amount of the Issue .....	34
5.1.3 Issue Dates and procedures .....	34
5.1.4 Revocation of the Issue .....	34
5.1.5 Reduction of the amount of the Issue .....	34
5.1.6 Minimum and/or maximum amount of subscription .....	34
5.1.7 Withdrawing period of subscription .....	34
5.1.8 Closing dates and payment and delivery conditions of the New Shares .....	34
5.1.9 Method of publication of the results of the offer .....	34
5.1.10 Cancellation of Shareholders' preferential subscription rights in favour of the Subscribers .....	34
5.2 Distribution and allocation of New Shares .....	35
5.3 Issue Price .....	35
5.4 Placement and underwriting .....	35
Share Agent .....	35
<b>6. ADMISSION TO TRADING OF THE NEW SHARES .....</b>	<b>35</b>
<b>7. DILUTION .....</b>	<b>35</b>

*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, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Issuer Group (as defined below) 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 to whom or 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 a permit or 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**

*This Summary should be read as an introduction to this Prospectus and does not purport to be complete and is taken from, and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in or incorporated in this Prospectus. Prospective investors should read, and any decision to invest in the New Shares should be based on consideration of, this entire document including the section “Risk Factors”, which discusses certain risk factors which might affect the holding of the Shares, and not on the following Summary.*

*Where a claim relating to the information contained in or incorporated in this Prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of that Member State where the claim is brought, be required to bear the costs of translating this Prospectus or documents incorporated in this Prospectus before legal proceedings are initiated. The Issuer may have civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.*

### **A. MAIN CHARACTERISTICS OF THE ISSUE OF NEW SHARES**

#### *Context*

The difficult market conditions in early 2009 and particularly the complete freeze of transactions in commercial assets had a strong negative impact on ORCO's operations, causing a reduction of the Group's cash inflows, compromising its scheduled debt repayment and financing for the initially planned investment, and a fall of real estate values.

Having reviewed all options, strategic and financial, ORCO's Board of Directors has decided in March 2009 to apply for the Company to benefit from a “*procédure de sauvegarde*”, a French legal provision that enables a company, whose center of main interests is located in France, to pursue operations while protecting its business from creditor's claims for a limited period of time, to allow the management to complete its restructuring plan, both financially and operationally.

The Commercial Court of Paris, in a judgment of 25 March 2009, opened the “*procédure de sauvegarde*”, a safeguard procedure. Following the Company's request in September 2009, the safeguard procedure was extended twice until 25 June 2010.

On 19 May 2010 – Orco's *Sauvegarde* plan was approved by the Commercial Court of Paris (Tribunal de Commerce de Paris). This decision puts an end to the observation period that began on 25 March 2009.

The Court named Maître Laurent le Guernevé, Court Administrator of the company during the safeguard period, as “*Commissaire à l'exécution du Plan*” whereby he will supervise the implementation of the plan and the annuity payments to the company's creditors.

The *Sauvegarde* plan's implementation and, in particular, the debt rescheduling, will allow Orco Property Group to reinvest in real estate projects so as to re-establish a value creating cycle that has been otherwise frozen by the crisis. At the same time, the company will continue to consolidate and refocus its activities. The plan includes the repayment of 100% of the company's admitted claims over 10 years. For a third party opposition against the *Sauvegarde* plan please refer to Section 2.2.10. of the Registration Document.

Since 2009, the Company has been willing to raise funds through a capital increase. In April 2010 the Company's board of directors decided to proceed with the three capital increases within the Company's authorized capital in accordance with Article 5 of the Company's by-laws and issued 3,110,000 shares in a private placements. The capital increases were legally challenged by three of the Company's minority shareholders acting in concert, Millenius Investments S.A., Clannathone Stern S.A. and Bugle Investments Ltd (collectively the "Applicants"). The Company and the Applicants agreed to end all legal procedures challenging these capital increases and this information was published on 22 February 2011. On 6 April 2011 the District commercial court in Luxembourg confirmed the termination of said legal proceedings. The shares issued in the above mentioned capital increases in April 2010 have been listed on all four Stock Exchanges and are fully fungible with other shares of the Company.

The Company has decided to increase its stake in its most important holding, ORCO Germany S.A. as well as in the Endurance Real Estate Fund. As such, the Company agreed to proceed with a capital increase of 3 Million New Shares, that will be issued in a capital increase under the authorized share capital pursuant to Article 5 of the of the Company's by-laws, and will be paid in kind by a contribution of 14,100,000 ORCO Germany S.A. ordinary shares and Endurance Real Estate Fund units, as described in greater detail below. As such, the Company strengthened its position in German portfolio, while benefiting from the presence of a strong institutional investor among its shareholders.

#### Main characteristics of the New Shares

Expected Issue	3,000,000 New Shares to be issued by the Company on 22 September, 2011 (the " <b>Issue Date</b> ").
Issuer	Orco Property Group, <i>société anonyme</i> , 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.
Legal form	A public limited liability company ( <i>société anonyme</i> ), incorporated under the laws of Luxembourg.
Articles of Association	An extract of the articles of association is available in section 5.1.2.4 of the Registration Document.
Share capital	Issued share capital € 69,920,850.60 divided into 17,053,866 ordinary shares (the " <b>Shares</b> "). Authorised share capital € 410,000,000.00.
FTSE activity segment	862 - Real Estate Holding and Development.
Aggregate principal amount of the Issue	€ 27,000,000 will be paid by a contribution in kind
Issuance Proceeds	The subscription price of the Issue will amount to € 27,000,000 and will be paid in full by a contribution in kind. As such, there are no net cash proceeds. The value of the contribution in kind has been appraised by an auditor HRT Révision S.A. in accordance with the Luxembourg laws.
Issue Price of the New Shares	The issue price of the New Shares (the " <b>Issue Price</b> ") will be €9 per New Share.
Share Agent	The Issuer has appointed CACEIS Corporate Trust, <i>société anonyme</i> , 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 " <b>Share Agent</b> ", " <b>CACEIS</b> ").
Admission to trading of the New Shares	Application will be made for the New Shares to be admitted to trading on Eurolist by Euronext Paris S.A. (" <b>Eurolist by Euronext Paris</b> "), the main market of Burza cenných papírů Praha, a.s. (the " <b>Prague Stock Exchange</b> "), on the main market of Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (the " <b>Warsaw Stock Exchange</b> ") and on the regulated market of the Budapesti Értéktőzsde (the " <b>Budapest Stock Exchange</b> "), which are regulated markets.
Plan for distribution	The distribution of dividends is subject to the discretion of the general meeting of the Shareholders.
Total expenses of the Issue	The total expenses of the Issue, corresponding to the fees due to advisors and the financial intermediaries and to the sundry publishing and administrative costs, shall amount to approximately EUR 300,000.
ISIN – Mnemonic code of the existing Shares	LU0122624777 – ORC

## **B. TERMS OF THE ISSUE OF SHARES**

### *Restrictions*

There will be no restrictions to the free transfer of the New Shares.

The Relationship Agreement mentioned in section F provides for a lock up of a total of 75% of the 3,000,000 New Shares to be issued on completion of the Framework Agreement. The lock up on such New Shares will either terminate on a staggered basis, or totally in certain circumstances set forth in the Relationship Agreement. The staggered release from the lock up is as follows: (i) 750,000 New Shares are released from lock up on 18 December 2011, (ii) 750,000 additional New Shares are released from lock up on 18 April 2012 and (iii) the remaining 750,000 New Shares are released from lock up on 18 August 2012.

### *Placement*

It is expected that the New Shares will be issued and allotted to and subscribed on 22 September by:

- **MSREF V Turtle B.V.**, incorporated under the laws of the Netherlands, registered with the Kamer van Koophandel en Fabrieken voor Amsterdam under no. 34244758 and with registered office at Kabelweg 37, 1014 BA Amsterdam, the Netherlands (a “**Subscriber**”) who undertakes to subscribe for 2,000,000 New Shares according to a subscription agreement entered into by it and the Company on 22 September (a “**Subscription Agreement**”), and
- **Jardenne Corporation S.à.r.l.**, incorporated under the laws of Luxembourg, registered with *the Registre de Commerce et des Sociétés* of Luxembourg under number B 109.028 and with registered office at 64, Avenue de la Liberté, L-1930 Luxembourg (a “**Subscriber**”) who undertakes to subscribe for 1,000,000 New Shares according to a subscription agreement entered into by it and the Company on 22 September (a “**Subscription Agreement**”).

The issuance of *the New Shares* will not be subject to any preferential subscription right of the existing holders of Shares (the “**Shareholders**”) which will be cancelled for the purpose of the Issue (as described in Section 4.6).

### *Dilution*

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

	Shareholder's stake
Before the Issue	1.00%
After the Issue	0.824%

## **C. BASIC INFORMATION CONCERNING ORCO AND ITS FINANCIAL STATEMENTS**

### *Basic information*

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 EUR1.8 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.

#### *Selected financial data*

The selected financial information below was extracted from the consolidated financial information of the Issuer as at 31 December 2008, 31 December 2009, 30 June 2010, 31 December 2010 and 30 June 2011, as well as financial information for 2008, 2009 and 2010 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”):

<b>in EUR thousands</b>	30 June 2011	31 December 2010	30 June 2010	31 December 2009	31 December 2008
<b>Turnover</b>	73 571	314 657	163 076	251 531	299 926
<b>Operating result</b>	18 904	50 967	37 770	-254 217	-386 771
<b>Profit before tax</b>	-5 826	230 819	237836	-364 374	-514 413
<b>Net result attributable to the Owners of the Company</b>	-7 503	233 411	237733	-250 564	-390 560
<b>Shareholders’ equity</b>	286 754	303 057	320517	56 577	304 633
<b>Gross financial debt</b>	1 183 371	1 236 656	1291940	1 600 477	1 565 756
<b>Cash and cash equivalent</b>	35 200	53 439	63 744	57 040	83 799
<b>Total balance sheet</b>	1 809 454	1 902 305	2010785	2 072 463	2 464 110

#### **D. SUMMARY OF THE MAIN RISK FACTORS**

Investors are invited to take into consideration the risks described below before deciding to invest in the Shares:

- the risks arising from the New Shares are described in paragraph 2.2. “*risks associated with the Issue*” and include:
  - Shareholders may face potential dilution of their shareholdings in the future,
  - future sales of Shares may affect their market price,
  - returns on the Shares may be limited to capital appreciation,
  - market price of the Shares may prove to be volatile,
  - the Shareholders could suffer a total loss in the value of their Shares in the event of the Company’s insolvency,
  - legal and tax advice,
  - deduction at source,
  - trading in the Shares on Euronext Paris, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest Stock Exchange may be suspended.
  - the Shares may be excluded from trading on Euronext Paris, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest Stock Exchange; and
- the risks relating to Orco are described in the Registration Document in paragraph 2.2 “Risk factors” and include:
  - risks related to the Group’s business – General,
  - risks related to the Group’s real estate development business,
  - risks related to the Group’s investment business,
  - risks related to the Group’s asset management business,
  - risks related to the geographic markets in which the Company operates,
  - financial risks,
  - tax risks,
  - valuation risks,
  - risks related to court proceedings linked to capital increases in April 2010,

- risks related to the Safeguard Procedure .

The risks described above or any one of them, or any other risk, which the Issuer has not currently been able to anticipate or which has not been considered to be material by the Company, might have an adverse effect on the business, the financial situation, the results or the forecasts of the Company, or the market price of the Shares.

## **E. DIRECTORS AND MANAGEMENT**

### *Members of the Board of Directors*

- Jean-François Ott,
- Nicolas Tommasini,
- Ales Vobruba,
- Bernard Kleiner,
- Alexis Juan,
- Robert Coucke,
- Silvano Pedretti,
- Guy Wallier,
- Ott&Co S.A. represented by Jean-François Ott,
- Gabriel Lahyani,
- Bertrand Des Pallieres, and
- Richard Lonsdale-Hands.

### *Executive Committee*

The Management of Orco is also known as the Executive Committee. The Company's Executive Committee consists of the following members:

- Mr. Jean-Francois Ott, born in 1965, Chief Executive Officer, with professional address at 25 rue de Balzac, F- 75406 Paris Cedex 08, France,
- Mr. Nicolas Tommasini, born in 1971, CFO and Deputy Chief Executive Officer, with professional address at 25 rue de Balzac, F- 75406 Paris Cedex 08, France,
- Mr. Ales Vobruba, born in 1959, Managing Director of ORCO Czech Republic and ORCO Slovakia, with professional address at Luxembourg Plaza, Premyslovska 2845/43, 130 00 Prague 3, Czech Republic,
- Mr. Yves Désiront, born in 1971, Chief Financial Officer Orco Property Group S.A., with professional address at 42, rue de la Vallée, L-2661 Luxembourg,
- Mr. Ogi Jaksic, born in 1975, Development Director, with professional address at Luxembourg Plaza, Premyslovska 2845/43, 130 00 Prague 3, Czech Republic,
- Mr. Gabriel Lahyani, born in 1961, Managing Director of development business line of ORCO Property Group, with professional address at 25 rue de Balzac, F- 75406 Paris Cedex 08, France, and
- Mr. Jacques Bonnafont, born in 1954, General Secretary with professional address at 25 rue de Balzac, F- 75406 Paris Cedex 08, France,

### *External auditors*

- HRT Révision S.A. (*cabinet de révision agréé*), having its registered office at 23, Val Fleuri L-1526 Luxembourg, since June 2002, represented by Brigitte Denis, independent auditor (*réviseur d'entreprises agréé*) reappointed by the ordinary general meeting of 26 April 2010, expiring at the end of the ordinary general meeting convened to approve the accounts for the financial year ended 31 December 2013. The HRT Group is an independent member of a worldwide network of audit and chartered accounting firms known as "POLARIS international", and member of the Luxembourg Institute of registered auditors (*Institut des réviseurs d'entreprises*).
- Deloitte S.A. (*cabinet de révision agréé*), a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg, having its registered office at 560 Rue de Neudorf, L-2220 Luxembourg is the independent auditor of the Company since 2011 and appointed by the ordinary general meeting of 28 April 2011, expiring at the end of the ordinary general meeting convened to approve the accounts for the financial year ended 31 December 2013. Deloitte S.A. is a member of the Luxembourg Institute of registered auditors (*Institut des réviseurs d'entreprises*).



#### **F. SHARE OWNERSHIP AND VOTING RIGHTS**

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as of the date of the Summary. Please note that the Company, as a company listed on four stock exchanges, has no control over transactions with the Company's shares done by its shareholders. The Company can provide updated information regarding the board and executive committee member shareholding, and those shareholders who eventually notify the Company on crossing relevant thresholds (if any) pursuant to the articles and transparency requirements and for those shares which are registered in the shareholders register. Therefore, the latest information the Company has is the following:

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of capital</b>	<b>% Voting Rights</b>
<b>Lansdowne Capital</b>	<b>1,000,000</b>	<b>7.11</b>	<b>7.11</b>
<b>Axa Investment Managers (information as of 12 January 2011)</b>	<b>856,751</b>	<b>6.09</b>	<b>6.09</b>
<b>Neptune Invest Sàrl (information as of 18May 2011)</b>	<b>No information</b>	<b>under 5.00</b>	<b>under 5.00</b>
<b>ING Towarzystwo Funduszy Inwestycyjnych S.A. (information as of 14 March 2011)</b>	<b>715,273</b>	<b>5.09</b>	<b>5.09</b>
<b>Finance Consulting SA</b>	<b>300,000</b>	<b>2.13</b>	<b>2.13</b>
<b>Finplat SA</b>	<b>300,000</b>	<b>2.13</b>	<b>2.13</b>
<b>Ott&amp;Co SA (Director of the Company)</b>	<b>230,680</b>	<b>1.64</b>	<b>1.64</b>
<b>M. Silvano Pedretti (Director of the Company)</b>	<b>113,215</b>	<b>0.80</b>	<b>0.80</b>
<b>Joho Compagnie (Associated to a Director of the Company, Mr. Tommasini)</b>	<b>40,800</b>	<b>0.29</b>	<b>0.29</b>
<b>Courcellette Holdings LLC (Associated to the Director of the corporate and legal affairs of the Company, Mr. Taylor)</b>	<b>40,000</b>	<b>0.28</b>	<b>0.28</b>
<b>Alandia Investments</b>	<b>20,000</b>	<b>0.14</b>	<b>0.14</b>
<b>Treasury shares (information as of 31 July 2011)</b>	<b>403,495</b>	<b>2.87</b>	<b>(suspended) 2.87</b>
<b>Other</b>	<b>No Information</b>	<b>More than [66.43]</b>	<b>More than [66.43]</b>
<b>Total</b>	<b>14,053,866</b>	<b>100</b>	<b>100</b>

Orco Property Group S.A and Funds advised by Morgan Stanley Real Estate Investing ("MSREI") have on 18 August 2011 entered into a framework agreement regarding MSREI's investment in Orco Property Group S.A. (the "Framework Agreement"). Orco Property Group S.A and MSREI have agreed that Orco Property Group S.A will issue 3 million New Shares in a private placement.

The subscriptions of the New Shares will be fully paid by MSREI through contributions of its stakes in Orco Germany S.A and Endurance Real Estate Fund. Following the completion of the transaction, MSREI will become the largest shareholder of Orco Property Group S.A with app. 18.7%. Orco Property Group S.A will increase its stake in Orco Germany S.A to app. 87.3% and in the two Sub-funds of Endurance Real Estate Fund as follows, 14.8 % in the Residential Sub-fund and 27 % in the Office I Sub-fund.

The Prospectus has been drawn up for the purpose of implementing this agreement and in particular, the listing of the New Shares.

The Framework Agreement is conditional upon approval of the Prospectus by the CSSF, obtaining of the merger clearance by the German Kartellamt and fulfilment of certain other conditions precedent pursuant to the terms of the Framework Agreement.

MSREF V Turtle B.V., Jardenne Corporation S.à.r.l., OTT & Co S.A., TOMSAFE S.a.r.l. Ales Vobruba, Jean-Francois Ott, Nicolas Tommasini, Lansdowne Capital S.A., FINPLAT S.A., Finance Consulting, Gabriel Lahyani, Bertrand des Pallieres, and Richard Lonsdale-Hands entered on 18 August 2011 into the Relationship Agreement, whereby the parties set certain terms of their relationship with respect to certain matters concerning the Company (the "Relationship Agreement"). The Relationship Agreement is conditional on closing of the Framework Agreement.

The parties to the Relationship Agreement have agreed to exercise their rights and influence in favour of candidates proposed by the parties to the election to the Board of Directors or as the case may be their removal if so requested by the relevant Party. Such support shall be provided with respect to (i) OTT & CO for two seats (Jean Francois OTT and OTT & Co being the representatives of OTT & Co), (ii) TOMSAFE for one seat (Nicolas Tommasini being the representative of TOMSAFE), (iii) MSREF V Turtle for one seat (upon 90 days from request of MSREF V Turtle), (iv) Jardenne for one seat (upon 90 days from request of Jardenne), (v) Lansdowne for two seats for as long as its shareholding in the Company remains above 5%, and for one seat for as long as its shareholding remains above 1% (Gabriel Lahyani and Bertrand des Pallieres being the representatives of Lansdowne), (vi) FINPLAT and Finance Consulting together for one seat for as long as their aggregate shareholding in the Company remains above 1% (Richard Lonsdale-Hands being the representative of FINPLAT and Finance Consulting).

MSREF and Jardenne shall be collectively entitled to have one of their representatives on the Board of Directors appointed as member of each of the (i) Remuneration and Related Parties Committee, (ii) Audit Committee and (iii) Strategic and Organizational Committee of the Board of Directors, as well as any other existing or future committees.

**G. PERSONS RESPONSIBLE FOR THE SUMMARY OF THE PROSPECTUS**

*Persons responsible for the Summary of the Prospectus*

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

*Declaration by the persons responsible for the Summary of the Prospectus*

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

Executed in Luxembourg, 13 September, 2011

Mr. Jean-François Ott  
Director

Mr. Nicolas Tommasini  
Director

## **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](mailto: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, 13 September, 2011

Mr. Nicolas Tommasini  
Director

Mr. Jean-François Ott  
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, the Warsaw Stock Exchange and the Budapest Stock Exchange may be suspended.*

Each of Euronext Paris, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest 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, the Warsaw Stock Exchange and the Budapest Stock Exchange.*

If a company listed on Euronext Paris, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest 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.

#### *2.2.10 Risks related to court proceedings linked to capital increases in April 2010.*

On 6, 8 and 14 April 2010, the Company's board of directors decided to proceed with three capital increases within the Company's authorized capital in accordance with Article 5 of the Company's by-laws. The capital increases were legally challenged by three of the Company's minority shareholders acting in concert, Millenius Investments S.A., Clannathone Stern S.A. and Bugle Investments Ltd (collectively the "Applicants").

The Company and the Applicants agreed to end all legal procedures challenging these capital increases and this information was published on 22 February 2011. On 6 April 2011 the District commercial court in Luxembourg confirmed the termination of said legal proceedings. The shares issued in the above mentioned capital increases in April 2010 have been listed on all four Stock Exchanges and are fully fungible with other shares of the Company.

### 3. BASIC INFORMATION

#### 3.1 Working capital statement, equity and indebtedness

Taking into account the proceeds of the recent capital increases and the approval of the *plan de sauvegarde*, 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 30 June 2011.

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. There have been no material changes to the information set out below since 30 June 2011.

	<b>As of 30 June 2011</b>
	<b>Actual</b>
	<b>(EUR thousands)</b>
Cash and cash equivalent	35,200
Trading securities	0,302
<b>Total liquidity</b>	<b>35,502</b>
Current bank debt	706,187
Current portion of non-current debt	118,165
Other current financial debt	0,220
<b>Current financial debt</b>	<b>824,572</b>
<b>Net current financial indebtedness</b>	<b>789,070</b>
Non-current bank debt	195,002
Bonds issued	145,285
Other non-current financial debt	18,511
<b>Non-current financial indebtedness</b>	<b>358,798</b>
<b>Net financial indebtedness</b>	<b>1,147,868</b>

	As of 30 June 2011 (EUR thousands)
<b>Total current debt</b>	<b>824,572</b>
Guaranteed	-
Secured <sup>(1)</sup>	706,407
Unguaranteed/Unsecured <sup>(2)</sup>	118,165
<b>Total non-current debt</b>	<b>358,798</b>
Guaranteed	-
Secured <sup>(1)</sup>	213,513
Unguaranteed/Unsecured <sup>(2)</sup>	145,285
<b>Shareholders' Equity</b>	<b>286,754</b>
Share capital	57,621
Share premium	403,988
Other reserves	-174,855
<b>Minority interests</b>	<b>51,400</b>
<b>Total</b>	<b>1,521,140</b>

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 Company.

### 3.2 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 page 6 (Placement) of this Securities Note. The Company undertakes in the different Subscription Agreements to obtain the approval of the Prospectus, which is required for the listing of the New Shares on Eurolist by Euronext Paris, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest Stock Exchange, in no delay after the Issue.

### 3.3 Use of proceeds

The subscription price of the Issue will amount to € 27,000,000 and will be paid in full by a contribution in kind. As such, there are no net cash proceeds. The Company however believes that the Issue is highly beneficial for the Company since it will increase the Company's stake in its most important holding, ORCO Germany S.A. as well as in the Endurance Real Estate Fund, while benefiting from the presence of a strong institutional investor among its shareholders.

The total expenses of the Issue, corresponding to the fees due to advisors and the financial intermediaries and to the sundry publishing and administrative costs, shall amount to approximately EUR 300,000.

## 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, the Warsaw Stock Exchange and the Budapest 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 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 1<sup>st</sup>, 2011. They shall carry the right in respect of the financial year 2011 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.

There will be no restrictions to the free transfer of the New Shares.

MSREF V Turtle B.V., Jardenne Corporation S.à.r.l., OTT & Co S.A., TOMSAFE S.a.r.l. Ales Vobruba, Jean-Francois Ott, Nicolas Tommasini, Lansdowne Capital S.A., FINPLAT S.A., Finance Consulting, Gabriel Lahyani, Bertrand des Pallieres, and Richard Lonsdale-Hands entered on 18 August 2011 into the Relationship Agreement, whereby the parties set certain terms of their relationship with respect to certain matters concerning the Company (the "Relationship Agreement"). The Relationship Agreement is conditional on closing of the Framework Agreement as defined under section 5.1.1.2

The Relationship Agreement provides for a lock up of a total of 75% of the 3,000,000 New Shares to be issued on completion of the Framework Agreement. The lock up on such New Shares will either terminate on a staggered basis, or totally in certain circumstances set forth in the Relationship Agreement. The staggered release from the lock up is as follows: (i) 750,000 New Shares are released from lock up on 18 December 2011, (ii) 750,000 additional New Shares are released from lock up on 18 April 2012 and (iii) the remaining 750,000 New Shares are released from lock up on 18 August 2012.

These participants are authorised financial intermediaries such as banks, investment services providers or professional securities depositaries and will credit the Shareholder's account opened in their books with the amount of Shares indirectly held by each Shareholder through Euroclear France.

The transfer of Shares shall be operated by means of an entry in an account, in accordance with the internal rules of Euroclear France.

The settlement-delivery transactions for the Shares shall be handled in the Euroclear France system.

#### *Settlement and delivery of the Shares*

Euroclear France, with offices at 113 rue Réaumur, F - 75081 Paris - CEDEX 02, is the French central depositary 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 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, on the Warsaw Stock Exchange and on the Budapest Stock Exchange will, however, only be effected through a settlement system recognised by the Prague Stock Exchange, Euronext Paris, the Warsaw Stock Exchange and the Budapest 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. KELER, the Hungarian Central Depository and Settlement House, with offices at Asboth u. 9-11, 1075 Budapest, Hungary, performs the divergent tasks of the central background institution of the Hungarian capital market with an unchanging ownership structure, as a private joint-stock company. Centrální depozitář cenných papírů a.s., KDPW and KELER (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, on the Warsaw Stock Exchange and on the Budapest 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, on the Warsaw Stock Exchange and on the Budapest 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 – Rights to Share in the profits of the Issuer and in any liquidation surplus*

The New Shares will be issued at the accounting par value (i.e. € 4.10) with a share premium of € 4.90

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. 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

amortised and non-amortised, paid-up and non paid-up capital, of the nominal amount of the shares and of the right of the shares of different categories.

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.

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

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 amortised and non-amortised, paid-up and non paid-up capital, of the nominal amount of the shares and of the right of the shares of different categories.

#### *Dividend rights*

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 of 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 amortised and non-amortised, 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.

The settlement date of the Shares is the first day of the financial year during which the exercise request and the payment of the Exercise Price of the Warrants occur.

#### *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*

The extraordinary general meeting of the Company of 18 May 2000 granted the Board of Directors, pursuant to article 32-3 (5) of the Companies Act 1915, for a period of five years, all powers to carry out capital increases within the limit of the authorised capital, being a sum of € 50 million, under the conditions and terms that it shall set, with the option of removing or limiting the Shareholders' preferential subscription rights to the issue of new Shares from the authorised capital.

The Board of Directors is authorised and mandated to carry out capital increases, on one occasion or in successive tranches, by the issue of new Shares to be paid up in cash, contributions in kind, conversion of debt, conversion of Bonds convertible into shares and, at the approval of the annual general meeting of the Shareholders, by the incorporation of profits or reserves into the capital as well as to set the date and place for the issue or successive Issue, the issue price, the conditions and terms of subscription and the methods payment for the new Shares. This authorisation is valid for a period of five years with effect from the date of publication of the minutes of the general meeting of the Shareholders of 18 May 2000.

In addition at the extraordinary general meeting of the Shareholders of 14 June 2006, the Shareholders voted in favour of reiterating an authorised capital in favour of the Board of Directors in an amount of € 100 million for a further period of 5 years ending 14 June 2011.

In addition at the extraordinary general meeting of the Shareholders of July 8, 2008, the Shareholders voted in favour of reiterating an authorised capital in favour of the Board of Directors in an amount of € 300,000,001.20 for a further period of 5 years ending 8 July 2013.

In addition 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.

##### *4.6.2 Decision of the Board of Directors*

In its meeting on 31 August, 2011, the Board of Directors has 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 New Shares will be subscribed by the Subscribers for an aggregate subscription price amounting to € 27,000,000, paid in full through contributions in kind. The value of the contribution in kind is appraised by an auditor HRT Révision S.A. in accordance with the Luxembourg law.

#### *4.7 Issue date of the New Shares*

It is expected that the New Shares will be issued on 22 September 2011 (the "Issue Date").

#### *4.8 Restriction on the free trading of the New Shares*

The Shares are not subject to any transfer restrictions, unless provided above in section 4.3.

#### *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 specifies 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, subject to certain derogations. The percentage giving control is a matter of Luxembourg law and is 33.33 per cent.

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 per cent. of the capital carrying voting rights and 95 per cent 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.

Except in specific cases, the CSSF will review the consideration offered in the context of such squeeze-out. In this respect, the offeror shall provide the CSSF with a valuation of the Shares, appropriately taking into account the valuation derived from the value of the assets, the profits, the stock market value, the existence of subsidiaries and the future prospects of the Company.

#### *4.9.3 Sell-out*

Pursuant to the Public Takeovers Act, should a bidder hold securities representing more than 90 per cent. 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 will review the consideration offered in the context of such sell-out. In this respect, the offeror shall provide the CSSF with a valuation of the Shares, appropriately taking into account the valuation derived from the value of the assets, the profits, the stock market value, the existence of subsidiaries and the future prospects of the Company.

#### *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%, 1/3rd, 50% or 2/3rd, 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 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 per cent., 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 33 1/3 per cent., 50 per cent. and 66 2/3 per cent. 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 summary 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 fulfilment 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 fulfilment 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 fulfilment 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 Hungary*

The purpose of this summary is to provide an overview of the withholding tax liabilities relating to the acquisition, holding and sale of Shares by individuals and companies.

This summary is not to be construed as tax advice, and it does not provide a comprehensive survey of all tax regulations relevant to making decisions about acquiring, holding, and consequently selling the Shares. Therefore potential investors are advised to study the tax regulations in detail. Those acquiring the Shares after floating on the Budapest Stock Exchange (BSE) are advised to consult their tax advisors about the tax consequences specific to their own special circumstances. Further, foreign shareholders are advised to consult their tax advisors on the potential impacts of the international tax treaty in effect between the Hungarian Republic and their country of residence for the prevention of double taxation and tax avoidance on the tax regulations summarized below.

The summary below is based on the Hungarian tax regulations in effect at the time of completing the Securities Note, and those regulations may change after publishing it. The tax liabilities of the holders of the Shares may also be affected by any new or existing double tax treaty coming into effect or modified after the signing of this Securities Note.

The Issuer takes responsibility for the deduction of withholding tax.

##### *4.12.1 Dividends*

The treaty on double taxation between Luxembourg and Hungary (concluded on 15 January 1990) (the "Treaty") provide the following rules for taxation of dividends:

In the event the dividends' recipient is a Hungarian tax resident, under the double tax treaty between Hungary and Luxemburg, dividends obtained by the Hungarian shareholder would be taxable in Hungary. Nevertheless, such dividends could also be taxed in Luxemburg (in accordance with Luxemburg laws), but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

- (a) 5% of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends;
- (b) 15% of the gross amount of the dividends in all other cases.

This provision shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

The provisions of above shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base.

Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

#### *4.12.2 Capital Gains*

The Treaty does not specify the taxation rules on the capital gains obtained through the sale of shares, but it generally states that gains from the alienation of any property (other than those specified in the Treaty) shall be taxable only in the Contracting State of which the alienator is a resident.

As a consequence, income from the Capital Gains realized by a Hungarian tax resident would be taxable in Hungary.

##### *Tax liabilities of shareholders as natural persons*

Act CXVII of 1995 concerning income tax ("Income Tax Act") categorizes the different titles under which individuals acquire taxable income, when acquiring, holding, or selling the Shares, as detailed below.

Entities making payments to individuals have tax liabilities relating to the type of income. For the purposes of this document, a paying entity is a Hungarian legal entity or any other organisation that Issue payments taxable under the Income Tax Act, independently of whether the payment is made directly, or through an agent (e.g. a financial institute). In the context of dividends, the paying entity is the tax payer who provides the funds for the dividend payments. When the income is derived from transactions through an agent authorized to carry out commercial activities on a stock exchange, the paying entity is the agent.

##### *Individuals residing in Hungary*

Individuals residing in Hungary are taxable on all types of income (full tax liability).

##### *Income from capital gains*

Income from capital gains is the amount by which proceeds from transferring the Shares (excluding lending the Shares) exceed the total of amounts paid on acquisition and costs incurred in connection with the stocks. Any part of the difference described above which is classified as another type of income (for instance, income from long term investments) is not to be regarded as income from capital gains.

The acquisition value of stocks is the part of the price paid verifiably by the individual until the stocks will be transferred, if the stocks are acquired under a full recourse contract that does not qualify as a controlled capital market transaction. If the stocks are acquired through the establishment of a company, then the acquisition value is the verifiable contribution to the equity of the company until the transfer of the stocks, at the value determined in the articles of the association (this rule is also to be applied to stocks acquired through capital increase by issuing new shares), on the condition that the value of the equity contribution as determined in the articles of association should be considered according to the Income Tax Act when assessing the income when acquiring the stocks. The tax rate on income from capital gains is 16 percent.

The paying entity assesses, reports, and pays the income, the tax applicable to the type of income, and the tax advance, on the basis of information about the acquisition value and ancillary costs, as available to the paying entity, or as confirmed by the individual, at the time of making the payment. If the individual receives the income from a source that is not a paying entity, he or she assesses the tax in the returns prepared without the cooperation of the tax office, and pays it by the due date of the returns.

The healthcare contribution of 14 percent is payable on income from capital gains, the maximum amount of which (including all other healthcare contributions paid by the individual) is HUF 450,000 per annum.

#### *4.13 Taxation in France*

The following provisions summarise 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 this information is only a summary of the applicable taxation scheme and 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.

#### 4.13.1 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%<sup>1</sup> 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<sup>2</sup> 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<sup>3</sup>%, non-deductible from taxable revenue
- additional contributions to social security deduction of 2,2<sup>3</sup>%, at the rate of 0.3% and 1.1% non-deductible from taxable revenue;
- 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).

<sup>1</sup> Subject to 2011 Finance Law still to be passed, 18% otherwise.

<sup>2</sup> Subject to 2011 Finance Law still to be passed. This tax credit should be abandoned.

<sup>3</sup> Subject to 2011 Finance Law still to be passed, 2% otherwise

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<sup>4</sup>%.

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<sup>3</sup>%, at the rate of 0.3% and 1.1% non-deductible from taxable revenue

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 where the total amount of sales of Shares and ownership interests made during this same year (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) exceeds, for each taxpayer, the threshold of 25,890 Euros for 2010 income tax. Where this threshold is not exceeded, capital gains will not be taxable<sup>5</sup>.

Taxable capital gains will also be taxed as follows:

- 19<sup>6</sup>% for Income Tax

And from the 1<sup>st</sup> euro:

- 8.2% for social security contributions (CSG) ,non-deductible in income tax computation ;
- 2,2<sup>7</sup>% 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<sup>8</sup>%, 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 1<sup>st</sup> 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 1<sup>st</sup> January 2006, from 1<sup>st</sup> 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 conditional upon an annual threshold of €25,890 mentioned above<sup>5</sup> being exceeded in the year of sustaining the capital loss.

#### *Wealth Tax*

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

#### *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

<sup>4</sup> Subject to 2011 Finance Law still to be passed, 18% otherwise.

<sup>5</sup> Subject to 2011 Finance Law still to be passed, the threshold should be abandoned: capital gains should then be taxable in any case.

<sup>6</sup> Subject to 2011 Finance Law still to be passed, 18% otherwise.

<sup>7</sup> Subject to 2011 Finance Law still to be passed, 2% otherwise.

<sup>8</sup> Subject to 2011 Finance Law still to be passed, 18% otherwise.

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 33.1/3% 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<sup>9</sup>

#### *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 33.1/3 % 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 fulfil 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.

#### *4.13.2 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%<sup>10</sup>.

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 exemption from withholding at source.

<sup>9</sup> Subject to 2011 Finance Law still to be passed, this exception should be abandoned: the share of 5% should then not be capped.

<sup>10</sup> Subject to 2011 Finance Law still to be passed, 18% otherwise.

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 an 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 due date for payment of dividends will bear, at the time of payment of the dividends withholding at source at a rate of 25% or 19%<sup>11</sup> 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 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%<sup>12</sup> subject to possible application of prescribed provisions aiming to avoid 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 has 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.

#### *4.13.3 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.

#### *4.14 Taxation in Poland*

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<sup>11</sup> Subject to 2011 Finance Law still to be passed, 18% otherwise.

<sup>12</sup> Subject to 2011 Finance Law still to be passed, 18% otherwise

#### 4.14.1 Dividend distribution

##### *General rules*

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

The Issuer takes responsibility for the deduction of withholding tax.

##### *Income from dividends*

In the event the dividends' recipient is a Polish tax resident, under the double tax treaty between Poland and Luxemburg, dividends obtained by the Polish shareholder would be taxable in Poland. Nevertheless, such dividends could also be taxed in Luxemburg (being subject to Luxemburg 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 Luxemburg (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 Luxemburg. The rules of applicability of the Luxemburg withholding tax are set forth in Luxemburg 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 19% income tax.

Nevertheless, in the event the dividend recipient is a legal person, the income from dividends paid out by the Luxemburg 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.

#### 4.14.2 Capital Gains

##### *General rules*

In case of a sale of Shares, the double tax treaty between Luxemburg and a country of a 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 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 Luxemburg, 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 a difference between the revenue from a 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 19% tax rate.

#### 4.15 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 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 is only a summary of the applicable Czech tax regime. 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 resident holding securities as private investment*

Pursuant to Article 13 of the Tax Treaty capital gains realized by individuals on sale disposal of the 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 will be 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 sale of the Common Stock will generally be tax non deductible -except for a situation when 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 gain from disposal of the securities is, pursuant to the 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 disposal of securities qualifying for a personal income tax exemption do not need to be reported in Czech personal income tax returns.

#### *4.15.1 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 the 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 (*in Czech: společnost s ručením omezeným*), a joint stock company (*in Czech: akciová společnost*) or a co-operative (*in Czech: 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 the Directive No. 90/435/EEC, as amended by the 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 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 revalue 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.

#### *4.15.2 Withholding Tax*

Whether received in the Czech Republic or abroad, dividend payments (if any) made in respect of the Common Stock received by Czech tax residents must be included in the income taxable base. Dividends received by the individual investor who is a Czech tax resident will be included in the general tax base subject to 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 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.

#### *4.15.3 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 Subscriber**

The New Shares will be issued by the Company represented by authorized representatives pursuant to the decision of the Board of Directors dated 31 August, 2011 further to which the cancellation of the preferential subscription right of the existing Shareholders has been approved.

###### **5.1.1.2 Subscription undertakings**

Orco Property Group S.A and Funds advised by Morgan Stanley Real Estate Investing (“MSREI”) have on 18 August 2011 entered into a framework agreement regarding MSREI’s investment in Orco Property Group S.A. (the “Framework Agreement”). Orco Property Group S.A and MSREI have agreed that Orco Property Group S.A will issue 3 million New Shares in a private placement.

The subscriptions of the New Shares will be fully paid by MSREI through contributions of its stakes in Orco Germany S.A and Endurance Real Estate Fund. Following the completion of the transaction, MSREI will become the largest shareholder of Orco Property Group S.A with app. 18.7%. Orco Property Group S.A will increase its stake in Orco Germany S.A to app. 87.3% and in the two Sub-funds of Endurance Real Estate Fund as follows, 14.8 % in the Residential Sub-fund and 27 % in the Office I Sub-fund.

The Prospectus has been drawn up for the purpose of implementing this agreement and in particular, the listing of the New Shares.

The Framework Agreement is conditional upon approval of the Prospectus by the CSSF, obtaining of the merger clearance by the German Kartellamt and fulfilment of certain other conditions precedent pursuant to the terms of the Framework Agreement.

It is expected that the New Shares will be issued by the Company, allotted to, and subscribed on 22 September, 2011 by:

- **MSREF V Turtle B.V.**, incorporated under the laws of the Netherlands, registered with the Kamer van Koophandel en Fabrieken voor Amsterdam under no. 34244758 and with registered office at

Kabelweg 37, 1014 BA Amsterdam, the Netherlands (a “**Subscriber**”) who undertakes to subscribe for 2,000,000 New Shares according to a subscription agreement entered into by it and the Company on 22 September (a “**Subscription Agreement**”), and

- **Jardenne Corporation S.à.r.l.**, incorporated under the laws of Luxembourg, registered with *the Registre de Commerce et des Sociétés* of Luxembourg under number B 109.028 and with registered office at 64, Avenue de la Liberté, L-1930 Luxembourg (a “**Subscriber**”) who undertakes to subscribe for 1,000,000 New Shares according to a subscription agreement entered into by it and the Company on 22 September (a “**Subscription Agreement**”).

The issuance of the New Shares will not be subject to any preferential subscription right of the existing holders of Shares (the “**Shareholders**”) which will be cancelled for the purpose of the Issue (as described in Section 4.6).

#### 5.1.2 Amount of the Issue

3,000,000 New Shares will be issued in connection with the Issue, whose proceeds amount to € 27,000,000

#### 5.1.3 Expected Issue Dates and procedures

31 August, 2011:	Meetings of the Board of Directors to approve the terms of the Issue.
22 September, 2011:	Signing of the Subscription Agreement.
22 September, 2011:	Issue Date.

#### *Provisional calendar:*

13 September, 2011:	Approval of the Prospectus by the CSSF.
14 September, 2011:	Notification of certificate of approval by the CSSF to the AMF, the CNB, the PFSC and the HFSA.
September 2011:	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. The total amount of the Issue will not be reduced.

#### 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 of the 14,100,000 shares in Orco Germany S.A., a Luxembourg company registered with the Luxembourg trade and Companies register under number B 46918, having its registered office at 42, rue de la Vallée, L2661 Luxembourg (the **Orco Germany Shares**) and the units in the Endurance Real Estate Fund, a *fonds commun de placement –fonds d’investissement spécialisé* established in Luxembourg (being 1,500,000 units in Office I Sub-Fund and 1,404,276 units in Residential Sub-Fund). According to a report drawn up by HRT Révision S.A., with registered office at 23 Val Fleuri, L-1526 Luxembourg, *réviseur d’entreprises agréé*, dated 31 August 2011, nothing has come to the auditor’s attention which could cause to believe that the value of the contributions in kind does not correspond at least to the issue price of EUR 27,000,000 (par value and premium) of the 3,000,000 ordinary shares of ORCO PROPERTY GROUP S.A. to be issued.

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.

#### 5.1.10 Cancellation of Shareholders’ preferential subscription rights in favour of the Subscribers

In its decisions of 31 August, 2011, the Board of Directors has decided to approve the cancellation of the preferential subscription rights of Shareholders to the New Shares in favour of the Subscribers.

#### 5.2 Distribution and allocation of New Shares

The New Shares will be privately placed. The New Shares will be subscribed by the Subscribers in an aggregate amount of € 27,000,000 in accordance with the relevant Subscription Agreement 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.

#### 5.3 Issue Price

The Subscribers will subscribe to the New Shares for a unit price of €9.

#### 5.4 Placement and underwriting

The Subscribers has undertaken to 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.: Eurolist by Euronext Paris S.A. (“**Eurolist by Euronext Paris**”), the main market of Burza cenných papírů Praha, a.s. (the “**Prague Stock Exchange**”), on the main market of Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna (the “**Warsaw Stock Exchange**”) and on the regulated market of the Budapesti Értéktőzsde (the “**Budapest 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	1.00%
After the Issue	0.824%

The table below summarizes the effect of the Issue on the Share of the equity capital (according to the consolidated financial statements of the Company as of 31 December 2010) for a Shareholder owning one Share in the Company prior to the Issue:

	Share of equity 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*

23 Val Fleuri, L-1526 Luxembourg

**Deloitte S.A.**

*External auditor to the Company*

560 Rue de Neudorf, L-2220 Luxembourg