*Non binding and confidential document*

*A public limited liability company (société anonyme)*

with an issued share capital of €44.869.850,60 and an authorised share capital of €300,000,001.20.

Registered Office: 40, Parc d'Activités Capellen, L-8308 Capellen
Luxembourg trade and companies register number B.44.996

# SUMMARY OF INDICATIVE TERM SHEET DATED SEPTEMBER 9, 2009
# ORCO PROPERTY GROUP FINANCIAL RESTRUCTURING

This summary of indicative terms and conditions ("**Term Sheet**") is strictly confidential and for your private information only and not to be disclosed to third parties other than those selected by the Company (as below defined). The Term Sheet does not constitute an agreement, offer or solicitation or a commitment to cooperate or co-invest with, or to lend, subscribe for equity in or debt of or otherwise provide funds to, the Company. The Term Sheet is not intended to set forth a final expression of the terms and conditions of any security or any transaction involving the parties referenced in the Term Sheet. The Term Sheet is provided for discussion purposes only and may be amended, superseded or replaced in its entirety by subsequent term sheets. The final terms and conditions of any transaction involving the parties referenced in this Term Sheet are conditional upon the structure of such transactions being satisfactory to the Company, and execution of appropriate final documentation agreed by the relevant parties.

## *1. Context*

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 40, Parc d'Activités Capellen, L-8308 Capellen and registered with the Luxembourg companies and trade register under number B.44.996 ("**Orco**", "**OPG**", the "**Company**" or the "**Issuer**") has decided to accelerate its strategic and financial restructuring plan with the benefit from Safeguard Court Protection (judgment rendered by the Paris Commercial Court on March 25, 2009). Indeed, in the prevailing tough real estate market and credit conditions, the Group has to face a slowdown in its divestment plan for certain property assets, due to the current market situation, difficulties in obtaining the repayment of shareholder loans granted to some subsidiaries and payments to banks to extend the maturity of certain credits which mature during 2009. The management has been mandated by the board of directors to open discussions with the Group's creditors and potential investors in order to improve its balance sheet.

On April 29, 2009, Orco Property Group and Colony Capital entered into exclusive negotiations on a reserved Share capital increase. On June 22, 2009, Orco Property Group and Colony Capital concluded that it was necessary for the management of OPG to implement and finalize the restructuring of the bond debt. Based on the terms of the amendment signed on June 22 and for a period up to November 30, ColOG, a company controlled by funds advised by Colony Capital, would be granted short term warrants (the "**Colony Warrants**"). These Colony Warrants would be subject to the approval of the Extraordinary Shareholders Meeting, and would allow ColOG to subscribe to an issue of Orco Property Group Shares at €7 per Shareof maximum €80 million. ColOG's equity stake in OPG should not exceed 30%.. Colony's investment is subject to the success of the Bond restructuring undertaken as part of the Safeguard Court

Protection and the Shareholders' vote in an EGM and the filing of a prospectus with the relevant financial market authorities.

All OPG Shareholders would also be granted free short term warrants (the "**Shareholders Warrants**") with a €7 exercise price and with a ratio of one new Share for one Shareholder Warrant, one Shareholder Warrant will be granted for each existing Share representing a potential Share capital increase of about €76.6 million.

OPG therefore expects in its Business Plan that ColOG and existing OPG Shareholders would collectively subscribe to OPG Shares to an amount of €68 million.

The Company also intends to increase the probability of occurrence of a potential capital increase of about €32.2 million resulting from the exercise of the outstanding Warrants 2014 (as defined below), in order to further strengthen the Company's balance sheet.

*2. Summarized terms and conditions of the Bonds restructuring*

| **BONDS RESTRUCTURING** | |
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| Shares | The ordinary shares issued or to be issued by OPG and registered under ISIN code: LU0122624777. |
| Bonds | The bonds issued by OPG and registered under ISIN code: FR0010249599 (the « **Bonds 2010** »), the convertible bonds issued by OPG under ISIN code: FR0010333302 (the « **Convertible Bonds** »), the bonds issued by OPG and registered under ISIN code: XS0291838992 (the « **Bonds 2014** »), the bonds exchangeable into HVAR shares issued by OPG and registered under ISIN code: XS0223586420 (the « **Exchangeable Bonds** »), the floating rate bonds issued by OPG and registered under ISIN code: CZ0000000195 (the « **Floating Rate Bonds** »), (each a "**Category of Bonds**", together the "**Bonds**"). |
| Warrants 2014 | The warrants issued or to be issued by OPG and registered under ISIN code: XS0290764728. |
| Aggregate principal amount of the outstanding Bonds | As of August 22, 2009, €411,029,673.81 |
| Terms of the Bonds restructuring | In exchange for the Bonds (which upon exchange will be cancelled), the Company shall deliver new convertible bonds (the "**New Convertible Bonds**") and new Shares (the "**New Shares**") to the Bondholders as follows:<br>o New Convertible Bonds shall be issued up to an aggregate principal amount of €119,977,995.00 ;<br>o up to 11,430,152 New Shares shall be issued (increased by such number of New Shares as may need to be issued upon conversion of the New Convertible Bonds as required to achieve the rounding mechanics stated under "Terms" of the Bonds restructuring).<br>The exchange ratios shall therefore be the following:<br>• Each holder of Bonds 2010 will be entitled to receive, in lieu of 1 Bond 2010, 13.35 New Convertible Bonds and 19.07 New Shares;<br>• Each holder of Exchangeable Bonds will be entitled to receive, in lieu of 1 Exchangeable Bond, 0.51 New Convertible Bonds and 0.72 New Shares ;<br>• Each holder of Convertible Bonds will be entitled to receive, in lieu of 1 Convertible Bond, 2.68 New Convertible Bonds and 3.84 New Shares ; |

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| | • Each holder of Bonds 2014 will be entitled to receive, in lieu of 1 Bond 2014, 28.48 New Convertible Bonds and 40.68 New Shares ;<br>• Each holder of Floating Rate Bonds will be entitled to receive, in lieu of 1 Floating Rate Bond, 7,638.10 New Convertible Bonds and 10,911.57 New Shares.<br>If the numbers of New Shares and/or of New Convertible Bonds, which is calculated by multiplying the relevant exchange ratio by the number of Bonds of each Category of Bonds presented, is not a whole number, a holder of Bonds shall receive, in a first stage, the nearest whole number of New Shares and New Convertible Bonds immediately less than its entitlement. In a second stage, the New Convertible Bonds which could not be allocated to the holders of the Bonds during the first stage due to rounding issues shall be converted into additional New Shares in order to satisfy such roundings (as below described) and otherwise cancelled for balance resulting from such second conversion. The additional New Shares resulting from such second round of conversion, together with those New Shares having been issued pursuant to the initial conversion of the Bonds and which could not be allocated due to roundings, will form the “Available New Shares”. The holders of the Bonds which were initially entitled to fractions of New Shares and/or fractions of New Convertible Bonds will then receive, within the limits of the Available New Shares, a number of New Shares equal as much as possible to the nearest whole number of New Shares immediately less than their respective entitlement with regard to the value of such additional fraction of a New Share and a New Convertible Bond calculated on the basis of the principal amount of the New Convertible Bond and of €7.00 as the reference value for each New Share.<br>The exchange process as well as that of the cancellation of the Bonds is to be further detailed. |

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| **NEW CONVERTIBLE BONDS** | |
| Issue Date | The New Convertible Bonds and the New Shares will be issued on or around November 20, 2009 (“the **Issue Date**”). |
| Aggregate principal amount of the New Convertible Bonds issue | Up to €119,977,995.00. |
| Maturity of the New Convertible Bonds | The New Convertible Bonds will mature on November 20, 2017 (the “**Maturity Date**”). |
| Redemption Amount of the New Convertible Bonds | Unless previously redeemed, converted or repurchased and cancelled, the New Convertible Bonds will be redeemed on their Maturity Date at their outstanding principal amount together with accrued interests (the “**Redemption Amount**”). |
| Conversion rights of the New Convertible Bonds | From their Issue Date until November 5, 2017 (i.e. 15 days before the Maturity Date) |
| Conversion Ratio of the New Convertible Bonds | Each New Convertible Bond carries entitlement to one (1) existing or new Share.<br>In the event of an early redemption of the New Convertible Bonds at the option of the Issuer, the Conversion Ratio shall be adjusted and the new Conversion Ratio will be determined by multiplying the Conversion Ratio in effect prior to the relevant early redemption by the following formula: (outstanding principal amount of the New Convertible Bonds after the relevant early redemption) / (outstanding principal amount of the New Convertible Bonds prior to the relevant early redemption).<br>The Conversion Ratio will be subject to subsequent adjustments to be defined at a later stage in order to maintain the rights of the holders of New Convertible Bonds upon occurrence of any of the following events or transactions: (i) issue of securities carrying a preferential subscription rights to Shareholders, (ii) increase in share capital by capitalisation of reserves, |

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| | profits or share premia, and by distribution of bonus shares, or the subdivision or consolidation of Shares, (iii) in the event that a nominal value is assigned to the Share, an increase in share capital of the Issuer, without issuing Shares, by capitalisation of reserves, profits or share premia by increasing the nominal value of the Shares, (iv) distribution of reserves in cash or in kind or a share premium, (v) allotment of bonus financial instruments other than Shares, (vi) merger, spin-off or division of the Issuer, (vii) buy back of own Shares at a price that is higher than the Share price, (viii) distribution of dividends if the dividend yield per Share is greater than 3%, (ix) amortisation in share capital of the Issuer and (x) modification of the Issuer's allocation of its profits. |
| Early redemption at the option of the holders of New Convertible Bonds exercising Warrants 2014 and prepayment of the New Convertible Bonds by way of setoff against the amount due by them to the Company as a result of the Shares subscription by exercise of the Warrants 2014 | The holders of Warrants 2014 may pay for their subscription by the sale to the Company of New Convertible Bonds at their outstanding principal amount. |
| Early redemption at the option of the Issuer | The Company may early redeem, in whole or in part the outstanding principal amount of each outstanding New Convertible Bond, at any time, at a Redemption Price (together with accrued interests) depending on the Redemption Period during which the notification of early redemption of New Convertible Bonds occurs, according to the following table:<br><br>**Redemption period** / **Redemption Price (as a % of the outstanding principal amount)**<br>November 20, 2009 until November 19, 2011: 70%<br>November 20, 2011 until November 19, 2013: 75%<br>November 20, 2013 until November 19, 2015: 80%<br>November 20, 2015 until November 19, 2016: 90%<br>November 20, 2016 until November 19, 2017: 100% |
| Form and Denomination of the New Convertible Bonds | The New Convertible Bonds are issued in registered form in denominations of €15.00. |
| Status of the New Convertible Bonds | The New Convertible Bonds constitute direct, unsubordinated and unsecured obligations of Orco and shall rank *pari passu* with all present and future unsecured and unsubordinated obligations of the Company, except for obligations given priority by law. |
| Negative Pledge | Until the actual redemption or conversion of all the New Convertible Bonds, the Company undertakes not to grant any mortgage over real property assets and rights it may or may come to possess, nor any pledge over all or part of the assets or revenues it may or may come to possess, in each case for the benefit of holders of other bonds issued by the Company without granting similar security to the holders of the New Convertible Bonds and ensuring that the New Convertible Bonds rank similarly. This undertaking is given exclusively in relation to bond indebtedness and does not affect in any way the right of the Company to dispose of its assets or to grant any security in respect of such assets in any other circumstances. |
| Interest | Interest will be paid annually in arrears on November 20 of each year (each |

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| | an "**Interest Payment Date**") and for the first time on November 20, 2010. Interest will be paid in cash at the rate of 5.0 per cent per annum. Interest will accrue on the outstanding principal amount of the New Convertible Bonds. |
| Cross Default | The terms and conditions of the New Convertible Bonds shall contain a cross default provision in relation to the Company and its principal subsidiaries (exception made with respect of any restructuring (whether contractual or not such as within the ambit of collective proceedings) of the current indebtedness of Orco Germany, a public limited liability company, incorporated under the laws of Luxembourg, having its registered office at 40, Parc d'Activités Capellen, L-8308 Capellen and registered with the Luxembourg companies and trade register under number B.102.254) in respect of indebtedness for borrowed money exceeding €15,000,000 or its equivalent in any other currency or currencies. |
| Other Events of Default | The New Convertible Bonds are subject to certain other customary events of default (to be defined at a later stage and to be substantially in line with the events of defaults applicable on the Bonds 2014). If the New Convertible Bonds become due and payable following an event of default, the New Convertible Bonds will be redeemable at their Redemption Price together with accrued interest. |
| Transferability of the New Convertible Bonds | The New Convertible Bonds may be transferred and traded from the Issue Date. |
| **NEW SHARES** | |
| Number of New Shares | Up to 11,430,152 shall be issued (increased by such number of New Shares as may need to be issued upon conversion of the Bonds as required to achieve the rounding mechanics stated under "Terms" of the Bonds restructuring) |
| Fungibility of the New Shares | The New Shares shall be fully fungible with the existing Shares of the Company. |
| Type and category of the New Shares | The New Shares will be subject to the provisions of the articles of incorporation of the Company and will carry beneficial rights from their date of issuance. They shall carry the right in respect of the financial year started on January 1, 2009 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.<br>They shall therefore rank pari passu with such other Shares. |
| Form and method of delivery of the New Shares | Shareholders may freely sell or transfer Shares at any time in accordance with the articles of incorporation of the Company.<br>The New Shares shall be issued to Euroclear France in the form of bearer shares globally held through Euroclear France on behalf of its participants. 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.<br>The transfer of Shares shall be operated by means of an entry in an account, in accordance with the internal rules of Euroclear France. |
| Lock-up | One third (1/3) of the New Shares shall be subject to a lock-up period of 6 months, one third (1/3) of the New Shares shall be subject to a lock-up period of 12 months and one third (1/3) of the New Shares shall be subject to a lock-up period of 18 months.<br>Appropriate measures and penalties shall be implemented in accordance with the relevant clearing systems rules to monitor compliance with such lock-up. |
| **LISTING AND APPLICABLE LAW** | |
| Admission to trading of the New Convertible Bonds and the New Shares | Application will be made for listing and trading of the New Convertible Bonds on Euronext Paris which is a regulated market.<br>Application will be made for listing and trading of the New Shares on |

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| | Euronext Paris, the main market of the Warsaw Stock Exchange, the main market of the Prague Stock Exchange and the regulated market of the Budapest Stock Exchange. |
| Applicable law | The terms and conditions of the New Shares and New Convertible Bonds are governed by Luxembourg law. |
| 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. |
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| **UNDERTAKING** | |
| Issuer's undertaking | If the Company does not achieve, through an offering and/or placement with new investors and/or existing shareholders, a capital increase of an aggregate minimum amount of €30,000,000.00 (thirty million euros) before June 30, 2010, it will, save where such undertaking is waived with the approval of an ordinary (simple majority) resolution of the holders of the New Convertible Bonds, use all reasonable endeavours to issue or grant a right to the shareholders to subscribe to a capital increase of an aggregate minimum amount of €30,000,000.00 (thirty million euros) before December 31, 2010. |

*3. Summarized terms and conditions of the Warrants 2014 restructuring*

For further details concerning the Warrants 2014 restructuring, please refer to the appendix.

*4. Management incentive package*

In the context of the financial restructuring, the management has been mandated by the board of directors of the Company to open discussions with its creditors and potential investors in order to improve its balance sheet. It is therefore intended to incentivize the key management by granting them warrants giving access up to 6 million Shares among which 50% shall be exercised at €7.00 per Share and 50% at €15.00 per Share.