



Société anonyme (joint stock company) with a **share capital** of €27.804.469,80
Registered Office: Orco Property Group S.A., Luxembourg, 8, boulevard E. Servais L-2535,
Luxembourg
Luxembourg registration number B 44996

PROSPECTUS FOR SECURITIES

Issue of a loan represented by 73.273 Bonds with Redeemable Share Subscription Warrants in a nominal amount of 50.272.605,30€ without preferential subscription rights.

A request to approve the Prospectus has been filed with the de la *Commission de Surveillance du Secteur Financier* in Luxembourg (the « CSSF », or Financial Sector Supervisory Authority) as the relevant authority (the « Relevant Authority ») in accordance with the law of 10 July 2005 concerning Prospectuses for securities.

The *Commission de Surveillance du Secteur Financier*, which is the Relevant Authority in Luxembourg as set down by the Prospectus Directive, must provide the Financial Markets Authority (AMF) a certificate of approval declaring that the Prospectus has been drawn up in accordance with the Prospectus Directive.

14th November 2005

This Prospectus is made up of:

- the Orco Property Group registration document, registered by the Commission de Surveillance du Secteur Financier ;
- this Note on the Bonds with Redeemable Share Subscription Warrants
- the summary.

Copies of the registration document and this Note on the Bonds with Redeemable Share Subscription Warrants are available free of charge from:

- Orco Property Group S.A., Luxembourg, 8, boulevard E. Servais L-2535, Luxembourg
Telephone number: 00 352 26 47 671
Email: llei@orcogroup.com
Email: bfritsch@orcogroup.com
- Vinohardy SARL, 40, rue la Pérouse, 75 116 Paris
Telephone number: 00 33 1 40 67 67 00
Email: abricout@orcogroup.com
Email: cchapolis@orcogroup.com

The documents can also be viewed on the Luxembourg Stock Exchange website (www.bourse.lu), Orco Property Group website (www.orcogroup.com) and the www.obsar.com website.

CONTENTS

SUMMARY OF THE PROSPECTUS	6
A. KEY ASPECTS OF THE ISSUE OF BONDS WITH REDEEMABLE SHARE SUBSCRIPTION WARRANTS AND PROVISIONAL TIMETABLE	6
Context	6
Key aspects of the issue of Bonds with Redeemable Share Subscription Warrants.....	6
Timetable	7
B. TERMS OF THE ISSUE OF BONDS WITH REDEEMABLE SHARE SUBSCRIPTION WARRANTS	7
Restriction	7
Placement	7
Dilution	8
C. BASIC INFORMATION CONCERNING ORCO PROPERTY GROUP AND ITS FINANCIAL STATEMENTS	8
Basic information	8
Summary of activities.....	8
Positioning of Orco Property Group on its markets.....	8
Positioning and strategy	9
New regions.....	9
Selected financial data.....	9
D. SUMMARY OF THE MAIN RISK FACTORS	9
E. Directors and management board members	9
Members of the Board of Directors.....	9
Directors	9
Chief Executive	10
Executive Committee	10
Statutory auditors.....	10
F. Share ownership and voting rights	10
1. PERSONS RESPONSIBLE FOR THE PROSPECTUS	11
1.1 Persons responsible for the prospectus.....	11
1.2 Certifications of persons responsible for the prospectus	11
1.3 Person responsible for the financial information	11
2. RISK FACTORS	11
2.1 Risks arising from the Issuer	11
2.2 Risks presented by the securities to be admitted for trading.....	11
2.2.1 Possible amendment of the terms of the Bonds	11
2.2.2. The lack of a limit to the issue or the guarantee of the debt	11
2.2.3 The absence of a market for the Bonds and the Redeemable Share Subscription Warrants	11
2.2.4 In the event of a substantial fall in the market price of the Orco Property Group shares, the Redeemable Share Subscription Warrants could lose their value	11
2.2.5 Risk of losing the investment in the Redeemable Share Subscription Warrants	12
2.2.6 Absence of legal and fiscal advice.....	12
2.2.7 Deduction at source	12
3. BASIC INFORMATION	12
3.1 Interest of persons participating in the Issue	12
3.2 Proceeds and purpose of the Issue	12
3.2.1 Proceeds of the issue.....	12
3.2.2 Purpose of the issue	12
4. INFORMATION ON THE SECURITIES TO BE ADMITTED FOR TRADING	12
4.1 INFORMATION ON THE BONDS TO BE ADMITTED FOR TRADING.....	12
4.1.1 Nature and category of the Bonds to be admitted for trading.....	12
4.1.2 Jurisdiction and applicable law.....	13
4.1.3 Form and method of registration of the Bonds under an account	13

4.1.4 Issue currency of the Bonds	13
4.1.5 Seniority of the Bonds	13
4.1.5.1 Status	13
4.1.5.2 Pari passu status	13
4.1.5.3 Assimilation of future issues	13
4.1.6 Rights and restrictions attached to the Bonds and terms of exercise of said rights	13
4.1.7 Nominal interest rate and stipulations relating to the interest due.....	13
4.1.7.1 Ranking date of the Bonds	13
4.1.7.2 Annual nominal rate	13
4.1.7.3 Interest.....	13
4.1.8 Maturity date and terms of redemption of the Bonds	14
4.1.8.1 Redemption of the Bonds	14
4.1.8.2 Notification of the Bondholders in the event of normal redemption or early redemption.....	15
4.1.8.3 Cancellation of the Bonds	15
4.1.8.4 Early repayment of the Bonds in the event of default.....	15
4.1.8.5 Term and average duration.....	15
4.1.9 Yield to maturity rate	15
4.1.10 Representation of the Bondholders	15
4.1.11 Resolution and decision by virtue of which the Bonds with Redeemable Share Subscription Warrants are issued	16
4.1.11.1 Resolution of the extraordinary general meeting of shareholders.....	16
4.1.11.2 Decision of the Board of Directors	16
4.1.12 Scheduled Issue date.....	16
4.1.13 Restrictions on the free trading of the Bonds	16
4.1.14 Tax status of the Bonds	16
4.1.14.1 French tax residents.....	17
4.1.14.1 Non tax residents of France.....	18
4.2 INFORMATION ON THE REDEEMABLE WARRANTS TO SUBSCRIBE TO SHARES TO BE ADMITTED FOR TRADING	18
4.2.1 Information on the Redeemable Share Subscription Warrants.....	18
4.2.1.1 Type and category of the Redeemable Warrants to Subscribe to Shares to be admitted for trading.....	18
4.2.1.12 Theoretical valuation of the Redeemable Share Subscription Warrants.....	19
4.2.1.3 Applicable law and competent courts	19
4.2.1.4 Form and method of registration of the Redeemable Share Subscription Warrants under an account.....	19
4.2.1.6 Seniority of the Redeemable Share Subscription Warrants admitted for trading	19
4.2.1.7 Rights and restrictions attached to the Redeemable Share Subscription Warrants and terms of exercise of said rights	19
4.2.1.8 Resolution and decision by virtue of which the Bonds with Redeemable Share Subscription Warrants are issued	20
4.2.1.9 Scheduled issue date of the Redeemable Share Subscription Warrants.....	20
4.1.10 Restrictions on the free trading of the Redeemable Share Subscription Warrants	20
4.2.1.11 Nullity, Repurchase and Redemption of the Redeemable Share Subscription Warrants	20
4.2.1.12 Settlement-delivery procedure of the Redeemable Share Subscription Warrants	21
4.2.1.13 Terms relating to the product of the Redeemable Share Subscription Warrants	21
4.2.1.14 Tax status of the Redeemable Share Subscription Warrants.....	21
4.2.2 Information on the underlying instrument.....	23

4.2.2.1 Exercise price of the Redeemable Share Subscription Warrants and number of Orco Property Group shares received from the exercise of the Redeemable Share Subscription Warrants	23
4.2.2.2 Information on the Orco Property Group share	23
4.2.2.3 Disruption to the market or the settlement affecting the Orco property Group share	23
4.2.2.4 Adjustment rules applicable in the occurrence of an event that has an effect on the underlying instrument.....	23
5. CONDITIONS OF THE BONDS WITH REDEEMABLE SHARE SUBSCRIPTION WARRANTS OFFER.....	27
5.1 <i>Conditions, provisional schedule and terms of subscription</i>	27
5.1.1 <i>Conditions of the offer</i>	27
5.1.1.1 Cancellation of the Preferential Subscription Right in favour of the Subscribers	27
5.1.1.2 Subscription undertakings	27
5.1.2 <i>Total Issue amount</i>	28
5.1.3 <i>Subscription date and procedure</i>	28
5.1.3.1 Date of subscription to Bonds with Redeemable Share Subscription Warrants	28
5.1.3.2 Procedure for Repurchasing the Redeemable Share Subscription Warrants from the Subscribers.....	28
5.1.4 <i>Ability to reduce the subscription</i>	28
5.1.6 <i>Closing dates and payment and delivery terms of the Bonds with Redeemable Share Subscription Warrants</i>	28
5.1.7 <i>Method of publication of the results of the offer</i>	29
5.1.8 <i>Cancellation of shareholders' preferential subscription rights in favour of the named beneficiaries</i>	29
5.2 <i>Distribution and allocation of Bonds with Redeemable Share Subscription Warrants plan</i>	29
5.2.1 <i>Categories of potential investors</i>	29
5.2.2 <i>Procedure for notifying Subscribers of the amount allocated to them</i>	29
5.3 <i>Pricing</i>	29
5.3.1 <i>Issue price of Bonds with Redeemable Share Subscription Warrants</i>	29
5.4 <i>Placement and underwriting</i>	29
5.4.1 <i>Coordinators for the whole of the offer placers in various countries where the offer takes place</i> 29	
5.4.2 <i>Intermediaries responsible for the financial service and the Calculation Agent</i>	29
6. ADMISSION TO TRADING AND TERMS OF TRADING	29
6.1 <i>Admission to trading</i>	29
6.2 <i>Listing markets</i>	29
6.3 <i>Liquidity agreement</i>	29
7. ADDITIONAL INFORMATION	30
7.1 <i>Capacity of the advisors to the Issue</i>	30
7.2 <i>Persons responsible for auditing the accounts/statutory auditors' report</i>	30
7.2.1 Names of auditors of accounts	30
7.3 <i>Accounting treatment of the Issue</i>	30
7.3.1 IFRS	30
7.4 <i>Expert report</i>	30
7.5 <i>Information from a third party</i>	30
7.6 <i>Rating</i>	30
7.7 <i>Post-issue information</i>	30
8. ADDITIONAL INFORMATION ON THE NEW SHARES ISSUED ON EXERCISE OF THE Redeemable Share Subscription Warrants	30
8.1. <i>Description of the new shares to be issued on exercise of the Redeemable Share Subscription Warrants</i>	30

8.1.1 Type, category and Ranking Date of the new shares	30
8.1.2 Jurisdiction and applicable law.....	30
8.1.2.1 Applicable law.....	30
8.1.2.2 Competent courts.....	31
8.1.3 Form and method of registration of the new shares under an account	31
8.1.4 Issue currency.....	31
8.1.5 Rights and restrictions applicable to the shares issued	31
8.1.5.1 Rights attached to the shares issued on exercise of the Redeemable Share Subscription Warrants	31
8.1.5.2 Tax status of the shares	32
8.1.6 Resolutions and authorisations by virtue of which the new shares will be issued on exercise of the Redeemable Share Subscription Warrants	34
8.1.7 Conditions for admission to trading.....	34
8.1.7.1 Quotation of new shares issued on exercise of the Redeemable Share Subscription Warrants	34
8.1.7.2 Quotation of the shares of the Orco Property Group	34
8.1.8 Restriction on the free trading of the shares.....	35
8.1.9 French legislation on public offerings.....	35
8.1.9.1 Compulsory public offer	35
8.1.9.2 Public offer of withdrawal and repurchase	35
8.1.10 Recent takeover bids	35
8.1.11 Effects of the exercise of the Redeemable Share Subscription Warrants on the shareholder's position	35

SUMMARY OF THE PROSPECTUS

This summary contains some essential information that is contained in the Orco Property Group prospectus. The summary should be read as an introduction to the prospectus. Any decision to invest in the securities in question should be based on a comprehensive examination of the prospectus by the investor. If court proceedings are taken concerning the information contained in the prospectus, the complainant investor may be required under the applicable legislation to incur the cost of translating the prospectus before the commencement of the legal proceedings. The persons who have presented the summary, including its translation, who requested its notification may be held civilly liable but only if the content of the summary is misleading, inaccurate or contradictory compared with other parts of the prospectus.

A. KEY ASPECTS OF THE ISSUE OF BONDS WITH REDEEMABLE SHARE SUBSCRIPTION WARRANTS AND PROVISIONAL TIMETABLE

Context

Orco Property Group wishes to increase its portfolio of properties. The purpose of this issue is to partly finance certain ongoing projects, particularly in the Czech Republic and Hungary. In the event that the ongoing projects are not completed, the proceeds of this issue could be used to finance other organic growth or external Orco Property Group projects.

Key aspects of the issue of Bonds with Redeemable Share Subscription Warrants

Issue	Orco Property Group
Share capital	€ 27.804.469,80 divided into 6.781.578 shares
Legal form	<i>Société Anonyme</i> [joint stock company] registered in Luxembourg with a Board of Directors
FTSE activity segment	862 - Real Estate Holding and Development.
ISIN – Mnemonic code	LU0122624777 – ORC
Number of Bonds with Redeemable Share Subscription Warrants to be issued	73.273
Nominal value of warrants	€686,10
Issue price of Bonds	€682,38
Gross issue amount	€50.000.029,74
Subscription date	18 November 2005
Ranking date	18 November 2005
Term of the loan	5 years
Annual rate of interest	The interest rate of the Bonds shall be 4.5% , payable on a quarterly basis in arrears on 18 February, 18 May, 18 August, 18 November of each year for the first time on 18 February 2006 .
Normal redemption	The Bonds shall be redeemed after 5 years: <ul style="list-style-type: none"> ○ at par, that is 686,10 € per Bond, if the average price (weighted by the volume of transactions of the Orco Property Group share on the Euronext Paris S.A. Eurolist market), quoted over the ten stock exchange trading sessions preceding the Redemption Date, of the products (1) of the closing price of the Orco Property Group share on the Euronext Paris S.A. Eurolist market and (2) of the Exercise Parity applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Redeemable Share Subscription Warrants, ○ at 120% of par, that is 823,32 € per Bond, if the average price (weighted by the volume of transactions of the Orco Property Group share on the Euronext Paris S.A. Eurolist market), quoted over the ten stock exchange trading sessions preceding the Redemption Date, of the products (1) of the closing price of the Orco Property Group share on the Euronext Paris S.A. Eurolist market and (2) of the Exercise Parity applicable during the said stock exchange sessions is less than the Exercise Price of the Redeemable Share Subscription Warrants.
Early redemption at the issuer's option	Option to redeem all bonds at 120% of the par value on any Interest Payment Date subject to one month's notice to bearers before the early redemption date
Number of Redeemable	15 Redeemable Share Subscription Warrants are attached to each Bond

Share Subscription Warrants attached to each Bond	
Exchange parity of the Redeemable Share Subscription Warrants	1 Subscription Warrant carries entitlement to 1 new share
Exercise price of the Redeemable Share Subscription Warrants	€68,61
Reference price	€57,10
Exercise period	The Redeemable Share Subscription Warrants may be exercised at any time with effect from 18 November 2005 until the 18 November 2012.
Term of the Redeemable Share Subscription Warrants	7 years with effect from the Subscription Date
Redemption of Redeemable Share Subscription Warrants at the issuer's option	The Company may, at its sole discretion, from 19 November 2007 until the end of the Exercise period, opt to redeem all or some of the outstanding Redeemable Share Subscription Warrants early at a unit price of €0.01. However, said early redemption may only take place if the average price (weighted by the volume of transactions of the Orco Property Group share on the Euronext Paris S.A. Eurolist market) over the ten stock exchange trading sessions preceding the Early Redemption Date, of the products (1) of the closing price of the Orco Property Group share on the Euronext Paris S.A. Eurolist market and (2) of the Exercise Parity applicable during the said stock exchange sessions exceeds 96,05 €.
Ranking date of shares issued as a result of the exercise of the Redeemable Share Subscription Warrants	First day of the financial year of the exercise request and the payment of the subscription price.

Timetable

- 11 November 2005: Meeting of the Board of Directors to set the terms of the Issue.
- 14 November 2005: Approval of the Prospectus by the Commission de Surveillance du Secteur Financier (the “**CSSF**”)
- 15 November 2005: Notification of certificate of approval by the CSSF to the Autorité des Marchés Financiers (“**AMF**”)
- 18 November 2005: Investors subscribe to Bonds with Redeemable Share Subscription Warrants
- 18 November 2005: Repurchase of Redeemable Share Subscription Warrants by Prague Real Estate 1 S.A.
- 22 November 2005: Separate quotation of the Bonds and the Redeemable Share Subscription Warrants

B. TERMS OF THE ISSUE OF BONDS WITH REDEEMABLE SHARE SUBSCRIPTION WARRANTS

Restriction

There are no restrictions to the free trading of the Bonds with Redeemable Share Subscription Warrants.

Placement

The Bonds with Redeemable Share Subscription Warrants are issued exclusively to investors (the “**Subscribers**”) who have made irrevocable undertakings to the Company to subscribe to 73.273 Bonds with Redeemable Share Subscription Warrants. However, Subscribers who do not wish to keep all the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants thus acquired, have subjected their undertakings to subscribe to Bonds with Redeemable Share Subscription Warrants to the repurchase of **366.365** of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants thus acquired.

The Company therefore plans to offer an option to the managers of the Orco Property Group named by the Board of Directors of the Company (hereinafter the “**Beneficiary Managers**”) to buy directly or indirectly through a company in which they hold at least 50% of the capital and voting rights, **329.729** of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants acquired by the Subscribers at a unit price of **3.35€** under the terms stated under Section 5.1.3.2 “*Procedure for Repurchasing the Redeemable Share Subscription Warrants from the Subscribers*”.

In addition, Astin Capital and Europe Tech Invest (subsidiary of Europe Offering) have undertaken to buy 18.318 of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants acquired by the Subscribers at the unit price of 3.35€ under the conditions stated in Section 5.1.3.2 “*Procedure for Repurchasing the Redeemable Share Subscription Warrants from the Subscribers*”.

To facilitate the Redeemable Share Subscription Warrants repurchase procedure, **Prague Real Estate I S.A.**, a subsidiary of the Company located at **8, boulevard Emmanuel Servais, L-2535 Luxembourg** shall repurchase from the Subscribers **366.365** at the unit price of **3.35€** and shall sell at the same price to the Beneficiary Managers a maximum of **329.729** and **36.636** to Europe Tech Invest and Astin Capital under the conditions stated under Section 5.1.3.2 “*Procedure for repurchasing the Redeemable Share Subscription Warrants from the Subscribers*”.

Dilution

Effect of this issue on the entitlement to the group share of the equity capital of a holder of one share in Orco Property Group prior to the issue, calculated on the basis of the group share of the consolidated equity capital as shown in the estimated consolidated accounts as at 30 June 2005:

	Share of equity capital	Share of equity capital – diluted figure (1)
Before issue of the Bonds with Redeemable Share Subscription Warrants	24,63 €	20,44 €
After exercise of 1.099.095 Redeemable Share Subscription Warrants	30,77 €	26,14 €

(1) Assuming all the securities convertible into shares (share subscription or purchase options, convertible bonds, warrants to subscribe to shares, share issue warrants) were exercised or converted into shares of the Orco Property Group.

C. BASIC INFORMATION CONCERNING ORCO PROPERTY GROUP AND ITS FINANCIAL STATEMENTS

Basic information

Summary of activities

The activities of the company are the direct acquisition of property, the acquisition of shareholdings and the provision of loans to companies that are part of the group, notably:

- investment in properties, such as the purchase, sale, construction, improvement, management and rental of properties as well as property promotion, directly or through its subsidiaries,
- investment in hotels, such as the purchase, sale, construction, improvement, management and operation of hotels, directly or through its subsidiaries,
- acquisition of shareholdings in any form whatsoever in any commercial, industrial, financial or other companies, in Luxembourg or elsewhere, which may or may not be part of the Group, the acquisition of any securities and rights by means of acquisition, contribution, subscription, acquisition of stakes, underwriting or purchase option, negotiation or in any other manner, notably the acquisition of patents and licences, the management and development thereof, the granting to companies in which it has a holding or in which it has an interest, directly or indirectly, of any assistance, loans, advances or guarantees, and lastly any activity and any general transactions which are directly or indirectly related to its objects. (Article 4 of the Articles of Association)

Positioning of Orco Property Group on its markets

Having operated in Central Europe since 1991, Orco still intends to concentrate on these markets and to seize investment opportunities that may arise.

However, historically Orco has mainly developed in Prague through its acquisitions in the office and residential sectors. Since 1999, the Group has carried out hotel activities in the form of apartments and luxury hotels.

Competition now exists in each of the sectors, as all the big international hotel and property groups have projects in Central Europe. Nevertheless, Orco has the specific feature of having a global Group presence in the region through four different but complementary products.

In addition, the experience of its teams since 1991 has allowed the group to forge a local brand image, to develop solid partnerships, thus allowing it to contain its acquisition and development costs.

In 2003, its expertise was expanded through the acquisition of the IPB Real group which has one of the best sales forces in the Czech Republic.

In parallel, the Group has made its first investments in Bucharest in Romania and in Bratislava in Slovakia with plans to open two apartment hotels in 2004 under the MaMaison Residences brand name.

However, the Czech Republic continues to occupy a predominant place in the Group's investments.

Positioning and strategy

1) Expansion of our traditional office and residential property activities through, notably Residential property promotion through the continuation of the deployment of our subsidiary IPB Real acquired at the end of 2003

Expansion of promotional activities to Budapest and Warsaw

Large-scale hotel expansion in Croatia through our investment in the island of Hvar

Continuation of the strategy to acquire and increase our properties in Prague, Budapest and Warsaw, but also in Berlin.

2) To increase our presence in the biggest Central and Eastern European capitals, particularly through the "MaMaison Residences" subsidiary company.

3) To strengthen our regional positioning by managing our investment fund.

New regions

Orco's movement into new countries will be continued mostly through its subsidiaries MaMaison Residences and Orco Hotel Collection. An initial investment in Moscow through its subsidiary MaMaison Residences is currently being finalised.

Selected financial data

On 15 July 2005, Orco Property Group announced its transition to the IFRS standards and on its accounts on 31 March 2005. The key figures are shown below

in thousands of euros	31 March 2005	31 December 2004
Turnover	6,814	70,670
Operating profit	- 769	30,829
Profit on ordinary operations before tax	- 2,780	27,000
Net profit after minority interests	- 3,162	19,349
Equity capital	153,254	117,910
Gross borrowings	112,987	116,933
Cash	26,354	15,742
Balance sheet total	326,328	308,958

D. SUMMARY OF THE MAIN RISK FACTORS

Investors are invited to take into consideration the risks described below before making an investment decision:

- the risks arising from the bonds and the Redeemable Share Subscription Warrants are described in paragraph 2.2. "risks presented by the securities to be admitted for trading" notably:
 - the possible amendment of the terms of the Bonds,
 - the lack of a limit to the issue or the debt guarantee,
 - the risk of a loss in value of the Redeemable Share Subscription Warrants ;
- the risks relating to Orco Property Group are presented in the reference document under paragraph 3.5 "Risk factors" notably:
 - the risks relating to the property markets and to the cyclical nature of the business.

E. Directors and management board members

Members of the Board of Directors

Directors

Remy Allemane,
 Arnaud Bricout,
 Pierre Cornet,
 Patrick Ganansia,
 Bernard Gauthier
 Luc Leroi,
 Silvano Pedretti,
 Ricardo Portabella Peralta,
 Nicolas Tommasini,

Guy Wallier,
Orco Holding, represented by Mr Luc Leroi.

Chief Executive

Jean-François Ott.

Executive Committee

Chairman & CEO: Jean-François Ott,
Senior Vice President (promotion, construction and property management): Steven Davis,
Senior Vice President (asset management): Ales Vobruba,
Vice President (hotel business): Nicolas Tommasini,
Vice President (finance): Arnaud Bricout.

Statutory auditors

- HRT Révision S.A.R.L. represented by Mr Dominique Ransquin,
- PricewaterhouseCoopers S.A.R.L. represented by Amaury Evrard.

F. Share ownership and voting rights

On 7 November 2005, Orco Property Group conducted a survey of the identifiable bearer shares.
According to this survey, the capital split was as follows:

Shareholders	Number of shares	% of capital	% of voting rights
ORCO Holding	1 209 748	17,84%	17,84%
Bernard Gauthier	469 230	6,92%	6,92%
Lux G-I S.A.	222 800	3,29%	3,29%
Jardenne Corporation SaRL	192 848	2,84%	2,84%
Self detention	0	0	0
Public	4 686 952	69,11%	69,11%
Total	4,200,538	100.0%	100.0%

1. PERSONS RESPONSIBLE FOR THE PROSPECTUS

1.1 Persons responsible for the prospectus

Messrs Luc Leroi and Arnaud Bricout, directors of Orco Property Group.

1.2 Certifications of persons responsible for the prospectus

After taking all reasonable measures to this effect, we certify that to our knowledge all data in this prospectus is realistic. The data includes all the information needed by investors to form an opinion on the assets, business and financial position, profit and outlook of Orco Property Group and its subsidiaries as well as the rights attached to the securities offered. There are no omissions that would alter the scope.

Executed in Luxembourg,

Mr Luc Leroi
Director

Mr Arnaud Bricout.
Director

1.3 Person responsible for the financial information

Mrs Cécile Chapuis
Mr Arnaud Bricout.

Vinohrady Sàrl.
40, rue la Perouse
F-75016 Paris
Tel: (0033) 1 40 67 67 00
Fax: (0033) 1 40 67 67 01

Email: cchapuis@orcogroup.com

Email: abricout@orcogroup.com

Mr Luc Leroi
Mr Bruno Fritsch
Orco Property Group S.A.
8, Bd E. Servais
L-2535 Luxembourg
Tél: (00352) 26 47 67 47
Fax: (00352) 26 47 67 67

Email: lloroi@orcogroup.com

Email: bfritsch@orcogroup.com

2. RISK FACTORS

Before making any investment decision, potential investors are invited to closely study all the information in this prospectus. This section is not intended to be exhaustive, potential investors being required to make a personal and independent assessment of all the considerations relating to investments and also to read the detailed information mentioned elsewhere in this prospectus.

2.1 Risks arising from the Issuer

The information concerning this section is supplied in the registration document filed with the Commission de Surveillance du Secteur Financier on 21 October 2005 under number [] (see in particular paragraph 2.2 of the recording document).

2.2 Risks presented by the securities to be admitted for trading

2.2.1 Possible amendment of the terms of the Bonds

The terms of the Bonds allow the general meeting of bondholders to amend the terms of the Bonds with the agreement of the Company provided the bearers in attendance or represented approve the amendments with a two thirds majority of the votes cast. Any amendment approved in this way shall be binding on all bondholders and Holders of the Redeemable Share Subscription Warrants.

2.2.2. The lack of a limit to the issue or the guarantee of the debt

There are no restrictions concerning the amount of debt that the Issuer can issue or guarantee. The Issuer and its subsidiaries and affiliated companies may issue other loans or grant guarantees relating to the third party debts.

2.2.3 The absence of a market for the Bonds and the Redeemable Share Subscription Warrants

Application has been made to admit the Bonds and the Redeemable Share Subscription Warrants to trading on the Euronext Paris Eurolist market as well as for Euroclear France transactions.

However, there is no guarantee that a market will develop for the Bonds and Redeemable Share Subscription Warrants or that their bearers will be able to sell them on the secondary market. There is no obligation to create a market for the Bonds and the Redeemable Share Subscription Warrants.

If a market develops for the Redeemable Share Subscription Warrants it could be subject to a higher degree of volatility than the shares of the Orco Property Group.

2.2.4 In the event of a substantial fall in the market price of the Orco Property Group shares, the Redeemable Share Subscription Warrants could lose their value

The market price of the Redeemable Share Subscription Warrants will depend on the market price of the shares of the Orco Property Group.

A fall in the market price of Orco Property Group shares could have an unfavourable effect on the value of the Redeemable Share Subscription Warrants.

2.2.5 Risk of losing the investment in the Redeemable Share Subscription Warrants

Holders of the Redeemable Share Subscription Warrants who do not exercise their rights before the expiry of the Exercise Period shall lose the whole of their investment in the Redeemable Share Subscription Warrants.

In addition if the price of the Orco Property Group share on the Eurolist exceeds the [96.73] €, the Issuer may, at his sole initiative, with effect from [17 November 2007] redeem all or some of the Redeemable Share Subscription Warrants in circulation early at the unit price of €0.01 unless the holders thereof exercise them under the conditions stated in this prospectus.

2.2.6 Absence of legal and fiscal advice

Potential investors are invited to consult their own advisors regarding the legal, fiscal and related aspects of investing in the Bonds with Redeemable Share Subscription Warrants, the Bonds and the Redeemable Share Subscription Warrants.

2.2.7 Deduction at source

The capital and interest on the Bonds are not subject to any deduction at source. If such a deduction were to be made, the Issuer shall not be required to increase its payments in order to cover this deduction or levy.

3. BASIC INFORMATION

3.1 Interest of persons participating in the Issue

The Bonds with Redeemable Share Subscription Warrants are issued to a restricted group of investors and the principal shareholders shall not take part therein. Some of the managers of the Orco Property Group named by the Board of Directors of the Company (hereinafter “**Beneficiary Managers**”) shall have the option of acquiring some of the Redeemable Share Subscription Warrants which have been detached from the Bonds with Redeemable Share Subscription Warrants bought by the Subscribers, to which the shareholders of the Company have waived their preferential subscription rights.

Out of a total of **329.729** Redeemable Share Subscription Warrants offered to said managers, 192.067 Redeemable Share Subscription Warrants shall be offered to [four] of the Company's corporate officers, including Mr Jean-François Ott, who holds 17,84% shares in the Company through Orco Holding.

3.2 Proceeds and purpose of the Issue

3.2.1 Proceeds of the issue

The proceeds of the issuer shall be **50.000.029,74 € (fifty million twenty nine euros and seventy-four eurocents)**. The Proceeds of the Issue, after the deduction from the gross proceeds of approximately **1,625,000 €** corresponding to the fees due to the advisor and to the arrangers, and the sundry publishing costs, shall amount to approximately **48,375,000 €** (the “**Net Proceeds of the Issue**”).

3.2.2 Purpose of the issue

Orco Property Group shall use the Net Proceeds of the Issue to finance the general needs of the Company. The purpose of this issue is to partly finance certain ongoing projects, particularly in the Czech Republic and Hungary. In the event that the ongoing projects are not completed, the proceeds of this issue could be used to finance other organic growth or external Orco Property Group projects.

Apart from financing the general needs of the Company, the Issue of the Bonds with Redeemable Share Subscription Warrants shall allow the managers of the Orco Property Group named by the Board of Directors of the Company to buy the Redeemable Share Subscription Warrants sold by the Subscribers under the conditions stated under Section 5.1.3.2 “*Procedure for Repurchasing the Redeemable Share Subscription Warrants from the Subscribers*” below.

4. INFORMATION ON THE SECURITIES TO BE ADMITTED FOR TRADING

4.1 INFORMATION ON THE BONDS TO BE ADMITTED FOR TRADING

4.1.1 Nature and category of the Bonds to be admitted for trading

The Bonds are securities for which an application has been made for admission to trading on the Euronext Paris S.A. Eurolist Market. They shall be quoted separately from and simultaneously to

the Redeemable Share Subscription Warrants. Their anticipated listing date is **22 November 2005** under ISIN code **FR0010249599**.

There are no plans to obtain a listing on another market.

4.1.2 Jurisdiction and applicable law

The Bonds are issued under Luxembourg law.

The competent courts in the event of disputes shall be those of the registered office of the Company without prejudice to the latter's right to take action before any other competent court under Luxembourg law.

4.1.3 Form and method of registration of the Bonds under an account

The holders shall be issued the Bonds in pure registered form. They shall be registered under an account in mandatory form by:

- Natexis Banques Populaires, at 10-12, avenue Winston Churchill, 94220 Charenton-le-Pont, issued with a mandate by Orco Property Group

The settlement-delivery transactions for the Issue shall be handled in the Euroclear France RELIT-SLAB system, under ISIN code: **FR0010249599**.

4.1.4 Issue currency of the Bonds

The Bonds are issued in euros.

4.1.5 Seniority of the Bonds

The service of the loan in interest, redemption, taxes, fees and ancillary expenses is not covered by any specific form of guarantee.

4.1.5.1 Status

The Bonds and the interest thereon represent direct, general, unconditional, unsubordinated commitments, without any form of sureties, and rank equally amongst themselves and equally with all the other unsecured, present or future Orco Property Group debts and guarantees.

4.1.5.2 Pari passu status

The Company undertakes, until the actual redemption of all Bonds, not to grant any form of mortgage on the assets and property rights that it owns or shall own, nor to issue any pledge on all or part of its assets or revenues, present or future, in favour of the holders of other bonds issued by the issuer without granting the same guarantees and the same seniority to the holders of the Bonds. This undertaking relates exclusively to the sureties granted in favour of the holders of other bonds and does not in any way affect the freedom of the Company to make use of the ownership of its assets or to grant any surety on said assets in any other circumstances.

4.1.5.3 Assimilation of future issues

In the event that the Company issues other bonds in the future that carry the same rights in all respects to those of the Bonds contained in this prospectus, it may, without the need for the consent of the holders of the Bonds, and provided the issue terms stipulate this, grant equal status to all the bonds in successive issues thus unifying all the transactions relating to their financial service and their trading.

4.1.6 Rights and restrictions attached to the Bonds and terms of exercise of said rights

The Bonds carry interest payable on a quarterly basis in arrears in accordance with the stipulations of Section 4.1.7 "*Nominal interest rate and stipulations relating to the interest due*" and are redeemable on **18 November 2010** at par or at 120% in accordance with the stipulations of Section 4.1.8.1.1 "*Normal Redemption*".

4.1.7 Nominal interest rate and stipulations relating to the interest due

4.1.7.1 Ranking date of the Bonds

The ranking date of the Bonds is the Subscription Date.

4.1.7.2 Annual nominal rate

The interest rate applicable to the Bonds (the "**Interest Rate**") shall be 4.5% per annum payable on a quarterly basis under the conditions defined hereinunder.

4.1.7.3 Interest

(i) The Bonds shall carry interest at a fixed rate with effect from **18 November 2005**, payable on a quarterly basis in arrears on **18 February, 18 May, 18 August and 18 November** of each year (each referred to as the "**Interest Payment Date**"), and for the first time on **18 February 2006** (for the period from **18 November 2005** inclusive to **18 November 2006** excluded, subject to the adjustments in accordance with the Working Day Agreement (as defined under paragraph (iv) hereunder).

Each of the periods commencing on **18 November** (inclusive) or on another Interest Payment Date (inclusive) and ending on the following Interest Payment Date (exclusive) shall hereinafter be referred to as an “**Interest Period**”.

(ii) Interest shall cease for each Bond with effect from the date set for the normal or early redemption unless the principal sum is not redeemed. In this case interest shall continue to accrue at the Interest Rate until the date on which all the sums due in respect of the Bond in question are received by the, or on behalf of, the respective bearer.

(iii) The Issuer shall calculate the amount of interest payable in respect of each Bond for the respective Interest Period (the “**Interest Amount**”) and shall notify this amount as well as the Interest Payment Date to the Financial Agent and to Euronext Paris S.A. no later than the first day of the respective interest period.

The Interest Amount due in respect of each Bond in respect of an Interest Period shall be calculated by applying the Interest Rate to the principal amount of said Bond during this Interest Period on the basis of the exact number of days elapsed, divided by a year of three hundred and sixty-five (365) days or of three hundred and sixty-six (366) days for a leap year (rounding up the resulting figure to the nearest one hundredth of a euro (halves being rounded up to the next highest figure)).

Any amount of interest payable in respect of each Bond for an incomplete Interest Period shall be determined by multiplying the Interest Amount relating to said Interest Period by the exact number of days elapsed since the Interest Period and by dividing the number of exact days of the Interest Period (rounding up the resulting figure to the nearest one hundredth of a euro (halves being rounded up to the next highest figure)).

Any notifications, announcements, stipulations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this paragraph by the Issuer (barring obvious error) shall be binding on the Issuer, the Financial Agent and the holders of the Bonds and (subject to the aforementioned) the Issuer shall not incur any liability with respect to these persons relating to the exercise or non-exercise for such purposes of its powers, duties or faculties.

(iv) If an Interest Payment Date falls on a date which is not a Working Day it shall be deferred to the next Working Day unless this falls on the following month in which case it shall be brought forward to the immediately preceding Working Day (the “**Working Day Agreement**”).

A “**Working Day**” shall mean any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (“**TARGET**”) or any other successor system operates.

Interest shall lapse after 10 years from its respective maturity date.

4.1.8 Maturity date and terms of redemption of the Bonds

4.1.8.1 Redemption of the Bonds

4.1.8.1.1 Normal redemption

The Bonds shall be redeemed in full on **18 November 2010** (or the next Working Day thereafter if this date is a Working Day):

- at par, that is **686,10 €** per Bond, if the average price (weighted by the volume of transactions of the Orco Property Group share on the Euronext Paris S.A. Eurolist market), quoted over the ten stock exchange trading sessions preceding the Redemption Date, of the products (1) of the closing price of the Orco Property Group share on the Euronext Paris S.A. Eurolist market and (2) of the Exercise Parity applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Redeemable Share Subscription Warrants ,
- at 120% of par, that is **823,32 €** per Bond, if the average price (weighted by the volume of transactions of the Orco Property Group share on the Euronext Paris S.A. Eurolist market), quoted over the ten stock exchange trading sessions preceding the Redemption Date of the products (1) of the closing price of the Orco Property Group share on the Euronext Paris S.A. Eurolist market and (2) of the Exercise Parity applicable during the said stock exchange sessions is less than the Exercise Price of the Redeemable Share Subscription Warrants,

The capital shall be time-barred after a period of thirty years from the Redemption Date.

4.1.8.1.2 Early redemption by repurchase or public offers

The Company reserves the right to redeem the Bonds early, at any time, without any price or quantity restrictions, either by repurchase on or outside the stock exchange or by repurchase or exchange offers.

These transactions shall not have an effect on the normal redemption schedule of the Bonds remaining in circulation.

4.1.8.1.3 Early redemption by repurchase

4.1.8.1.3.1 Early redemption at the issuer’s option

Subject to the advance notice stated in Section 4.1.8.2 “*Notification of the Bondholders in the event of the early redemption of Bonds*” the Company may, at its sole discretion, on any Interest Payment Date with effect from **18 February 2006** redeem all bonds early at 120% of par, that is **823,32 €**, plus the Interest Amount corresponding to the Interest Period ended on the early redemption date.

4.1.8.1.3.2 Early redemption at the option of the bearers exercising the Redeemable Share Subscription Warrants and payment by offset of the amount of the share subscription by exercise of the Redeemable Share Subscription Warrants

For every 10 Redeemable Share Subscription Warrants exercised (see Section 4.2.1.7.1 “*Exercise Price of the Redeemable Share Subscription Warrants and number of shares of Orco Property Group received through the exercise of the Redeemable Share Subscription Warrants*”), the bearers of the Redeemable Share Subscription Warrants may request early redemption of one Bond at a price of **686,10 €**, including accrued interest. However, this amount shall only be payable by offset against the amount of the subscription corresponding to the exercise of the 10 Redeemable Share Subscription Warrants.

4.1.8.2 Notification of the Bondholders in the event of normal redemption or early redemption

The information relating to the number of Bonds repurchased and the number of Bonds in circulation shall be sent on an annual basis to Euronext Paris S.A. for public information and may be obtained from the Company or the institution responsible for the servicing of the securities.

The Company’s decision to redeem all bonds early shall be published in advance at least one month before the redemption date, a financial announcement published in a national Luxembourg daily newspaper and in a national French financial newspaper and a Euronext Paris S.A. announcement. This announcement shall give all the necessary indications and shall inform the Bondholders of the date set for redemption.

4.1.8.3 Cancellation of the Bonds

The Bonds redeemed on their normal maturity date or early and the repurchased Bonds shall cease to be considered to be in circulation and shall be cancelled in accordance with the law.

4.1.8.4 Early repayment of the Bonds in the event of default

The representative of the body of Bondholders may, if so decided by the general meeting of Bondholders, ruling by majority decision, by notification sent to the Company with a copy to the Financial and Securities Servicing Agent may declare all the Bonds due and repayable at an amount equal to 120% of par or **823,32 €** plus the Interest Amount corresponding to the Interest Period ending on the redemption date under the following conditions:

(a) in the event of failure by the Company to pay the principal or interest due in respect of any Bond on the due date unless this is rectified by the Company within a period of 15 Working Days with effect from said due date;

(b) in the event of the non-performance by the Company of any other stipulation relating to the Bonds if this is not remedied within a period of 30 Working Days with effect from the receipt by the Company of the written notification of said breach given by the representative of the body of Bondholders;

(c) in the event of failure to pay one or several other bond loans or bond guarantee debts by the Company in amounts totalling at least €2 million on the due date or, if applicable, after the expiry of any grace period.

By way of exception to the aforementioned, the Bonds shall not be due if the Company remedies the situation no later than the day preceding the general meeting of Bondholders.

4.1.8.5 Term and average duration

The total term of the bond as at the scheduled subscription date will be 5 years.

4.1.9 Yield to maturity rate

Based on the redemption terms, the yield to maturity rate depends on the price of the Orco Property Group share on the Euronext Paris Eurolist at the time of the redemption compared with the Exercise Price of the Redeemable Share Subscription Warrants.

If the price of the Orco Property Group share on the Euronext Paris Eurolist is equal to or greater than the Exercise Price of the Redeemable Share Subscription Warrants, the yield to maturity rate shall be **5.28%**. If this is not the case, the Bond shall be redeemed above par, the yield to maturity rate then being **8.76%**.

4.1.10 Representation of the Bondholders

In accordance with Articles 79 et seq. of Luxembourg company law, the bondholders are combined into a body that benefits from a legal personality.

Where applicable, the representative of the body of bondholders shall have unrestricted and unreserved power to carry out all activities on behalf of the body in order to defend the common interests of the bondholders (Article 88 of Luxembourg company law).

The first representative of the body of bondholders is Madame Brigitte Bertrand, domiciled at 28 rue des Genêts – L-1621 Luxembourg.

She shall perform her functions until her resignation or dismissal by the general meeting of bondholders or the occurrence of an incompatibility. Her term of office shall automatically cease on the last date of amortisation or general redemption, early or otherwise, of the Bonds. This term is, where applicable, automatically extended until the final solution of the proceedings in which the representative may be involved and the performance of the decisions or settlements that occur.

The remuneration of the representative of the body of bondholders shall be paid by the Company (Article 91 of Luxembourg company law); it shall be payable on 31 December of each year from 2005 to 2010 inclusive for as long as there are Bonds in circulation at this date and a representative of the body of bondholders has been appointed.

Orco Property Group shall be responsible for paying the representative of the body and for the costs of convening and holding the general meetings of bondholders, of announcing their decisions as well as costs connected with any appointment of the representative of the body (Article 91 of Luxembourg company law), all administrative and operational expenses of the body of bondholders as well as the costs of this body's meeting.

In the event of the convening of a meeting of bondholders, the bondholders shall meet at the registered office of the Company or any other place set in the invitation to attend the meeting. The notice to attend the meeting shall be issued in accordance with Article 17 of Luxembourg company law setting out the terms for the convening of shareholders.

4.1.11 Resolution and decision by virtue of which the Bonds with Redeemable Share Subscription Warrants are issued

4.1.11.1 Resolution of the extraordinary general meeting of shareholders

The Extraordinary General Meeting of 18 May 2000 granted the Board of Directors, pursuant to Article 32-3 (5) of Luxembourg company law, all powers to carry out capital increases from 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, by the incorporation of profits or reserves into the capital as well as to set the date and place for the issue or successive issues, 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 18 May 2000.

In addition at the Extraordinary General Meeting of 29 April 2004, the shareholders voted in favour of reiterating an authorised capital in favour of the Board of Directors in an amount of €50 million for a further period of 5 years.

As at [20 September 2004], [€19,957,250] of this authorisation had been used.

4.1.11.2 Decision of the Board of Directors

In its meeting on **11 November 2005**, the Board of Directors of the Company voted in favour of issuing bonds (the “Bonds”) with redeemable subscription rights (the “**Redeemable Share Subscription Warrants** ”) (jointly the “**Bonds with Redeemable Share Subscription Warrants** ”) without preferential subscription rights for shareholders to the identified Subscribers in a nominal amount of **50,272,605.30 € (fifty million two hundred and seventy-two thousand, six hundred and five euro and thirty eurocents)** under the terms and conditions stated in this prospectus.

4.1.12 Scheduled Issue date.

The Bonds with Redeemable Share Subscription Warrants shall be issued on [**16 November 2005**].

4.1.13 Restrictions on the free trading of the Bonds

The Issue conditions do not set forth any restrictions as regards the free trading of the Bonds.

4.1.14 Tax status of the Bonds

The payment of interest and the redemption of the Bonds shall be only subject to the deductions at source and the taxes that the law may impose on the bondholders.

At present Luxembourg tax laws do not require any deductions at source on the interest paid or on any capital gains realised in the event of the sale of bonds.

Investors should nevertheless check the tax position applicable to them in their country of residence with their usual financial advisor.

Under the present position of French tax law, the system described below summarises the tax effects that apply to Bondholders.

Bondholders' attention is however drawn to the fact that the information on the tax status contained in this prospectus for securities is merely a summary of the taxation position currently in force. Holders are therefore invited to examine their individual position with their usual financial advisors.

In addition persons who are not French tax residents must comply with the tax legislation in force in their country of residence and notably, where applicable, to the provisions of the tax convention signed between Luxembourg and their country of residence.

4.1.14.1 French tax residents

4.1.14.1.1 Natural persons

The position of natural persons who own Bonds as part of their personal assets and who do not carry out stock exchange transactions on a regular basis is examined below.

(a) Revenues on Bonds

The interest and redemption premiums received by natural persons who hold Bonds in the context of the management of their personal assets are liable to taxation in the year of receipt thereof.

This income is either included in the total income subject to the progressive of income tax scale, or optionally, to withholding tax at a rate of 16% (Article 125A of the *Code Général des Impôts*).

They are also subject to the following social deductions at a total rate of 11%: - the *contribution sociale généralisée* ("CSG") at a rate of 8.2% (Article 1 600-0 E of the *Code Général des Impôts*);

- the *contribution pour le remboursement de la dette sociale* ("CRDS") at a rate of 0.5% (Articles 1 600-0 L of the *Code Général des Impôts*);

- the social deduction at a rate of 2% (Article 1 600-0 F *bis* of the *Code Général des Impôts*),

- and the additional contribution to the social deduction at a rate of 0.3% (Act 2004-626 of 30 June 2004, Article 11).

(b) Capital gains on the disposal of Bonds

Pursuant to the provisions of Article 150-0 A and 200 A-2 of the *Code Général des Impôts*, the capital gains on the disposal of Bonds realised by natural persons liable to income tax at the proportionate rate of 16% if the total amount of the disposals of securities and other rights or securities stated under Article 150-0 A of the *Code Général des Impôts* realised during the calendar year exceeds a threshold currently set at €15,000 per taxpayer.

The following social deductions of a total rate of 11% apply in addition to the 16% rate:

- the *contribution sociale généralisée* ("CSG") at a rate of 8.2% (Article 1 600-0 E of the *Code Général des Impôts*);

- the *contribution pour le remboursement de la dette sociale* ("CRDS") at a rate of 0.5% (Articles 1 600-0 L of the *Code Général des Impôts*);

- the social deduction at a rate of 2% (Article 1 600-0 F *bis* of the *Code Général des Impôts*), and;

- the additional contribution to the social deduction at a rate of 0.3% (Act 2004-626 of 30 June 2004, Article 11).

Taking account of the aforementioned social deductions, the actual rate of taxation of the capital gains amounts to 27%.

In accordance with the provisions of Article 150-0 D-11° of the *Code Général des Impôts*, the capital losses on disposal recorded during a year are only liable in respect of the capital gains of the same nature realised during the same year or the 10 following years.

(c) *Impôt de solidarité sur la fortune* [Wealth Tax]

The Bonds held by natural persons are included in their taxable wealth, where applicable, to Wealth Tax (Article 885-A of the *Code Général des Impôts*).

(d) Inheritance and gift taxes

Bonds acquired in the form of an inheritance or a gift are subject to inheritance and gift taxes in France (Article 750 ter of the *Code Général des Impôts*).

4.1.14.1.2 Legal persons liable to corporate income tax

(a) Revenues on Bonds

The interest on the Bonds accrued over the year and, where applicable, the fraction of the redemption premiums liable to tax in respect of the year, are included in the result subject to corporate income tax at a rate of 33 1/3%, plus the additional contribution at a rate of 1.5% as stated in Article 235 ter ZA of the *Code Général des Impôts*. A social contribution of 3.3% as stated in Article 235 ter ZC of the *Code Général des Impôts* shall also apply and is based on the amount of corporate income tax, less an allowance of €763,000 per 12-month period. Companies with a turnover of less than €7,630,000 over the financial year, adjusted where applicable to 12 months, and whose fully-paid capital is held on a continuous basis in an amount of at least 75% by natural persons (or by companies which themselves satisfy all these conditions) are exempt from this contribution. In addition the corporate income tax rate applicable to these companies is set at 15%, subject to limit of €30,120 of the taxable profits per 12-month period.

In order to apply the following provisions, the redemption premium shall mean the difference between the sums receivable from the issuer, excluding linear interest paid each year on regular due dates, and that paid on subscription to or acquisition of the Bonds.

In accordance with the provisions of Article 238 *septies* E of the CGI, companies that own Bonds must include in the taxable profits for each of their financial years a fraction of the redemption premium determined in accordance with an actuarial breakdown whenever said premium exceeds 10% of the subscription or acquisition price. Failing this, the redemption premium shall be taxable on redemption.

these provisions do not However apply to Bonds whose average price on issue is greater than 90% of the redemption value.

The fraction of the redemption premium and interest to be included under the taxable profits for each financial year is obtained by applying to the subscription or acquisition price, the actuarial interest rate determined at the subscription date or acquisition date, said price being each year increased by the fraction of the premium and of the capitalised interest on the anniversary date of the redemption of the Bonds. The actuarial rate is the annual rate, which on the subscription or acquisition date, balances out, at this rate and with compound interest, the discounted values of the amounts payable and the amounts to be received.

(b) Capital gains on the disposal of Bonds

The disposal of Bonds gives rise to a gain or loss, equal to the difference between the disposal price and the subscription or acquisition price of the Bonds plus, where applicable, the redemption premiums already taxed and not collected and, included in the result subject to corporate income tax at the ordinary legal rate, that is in principle the normal rate of corporate income tax, which currently amounts to 33.33% , plus the additional contribution at a rate of 1.5% , as provided for under Article 235 ter ZA of the *Code Général des Impôts* and, where applicable, the social contribution of 3.3% as stipulated under Article 235 ter of the *ZC Code Général des Impôts*.

Certain small and medium-sized enterprises may, under the conditions stated in Article 219-I-b of the *Code Général des Impôts*, benefit from a reduction in the corporate income tax rate to 15% on the fraction of their profit capped at €38,120 per 12-month period.

As the Bonds are not participating investments, the capital gains and losses realised on disposal are excluded from the system applicable to long-term capital losses as stated under Article 219-I-a of the *Code Général des Impôts*.

4.1.14.1 Non tax residents of France

(a) Revenues on Bonds

Luxemburg tax legislation does not currently provide for a deduction at source from the interest on the Bonds paid to non Luxemburg tax residents.

(b) Capital gains on the disposal of Bonds

Luxemburg tax legislation does not provide for the taxation of capital gains realised by non Luxemburg tax residents.

Investors should nevertheless check the tax position applicable to them in their country of residence with their normal financial advisor.

4.2 INFORMATION ON THE REDEEMABLE WARRANTS TO SUBSCRIBE TO SHARES TO BE ADMITTED FOR TRADING

4.2.1 Information on the Redeemable Share Subscription Warrants

4.2.1.1 Type and category of the Redeemable Warrants to Subscribe to Shares to be admitted for trading

The Redeemable Share Subscription Warrants are securities issued by Orco Property Group carrying entitlement to subscribe to new shares in Orco Property Group. Application has been made to admit the Redeemable Share Subscription Warrants to trading on the Euronext Paris S.A. Eurolist Market. They shall be quoted separately from and simultaneous to the Bonds. Their anticipated listing date is **22 November 2005** under ISIN code LU0234878881.

4.2.1.12 Theoretical valuation of the Redeemable Share Subscription Warrants

In order to determine the value of the Redeemable Share Subscription Warrants, account is traditionally taken of its specific characteristics (exercise price, exercise period, forcing price etc) and of the parameters particular to the company and its economic environment, applied at the following levels:

- Reference price of the share: 57.10 €
- Yield of the share: 2.50%
- Yield of the risk-free assets: 3.07% (OAT 4.75% 25/10/2012 – FR0000188690).

The theoretical value of the Redeemable Share Subscription Warrants is based on the use of a valuation model of the options built specifically on the numerical method (derived from the work of Cox, Ross and Rubenstein) to take account of the particular nature of the redemption option at the discretion of the issuer.

Based on the various parameters selected and the volatility, the theoretical value of the Redeemable Share Subscription Warrants therefore amounts to:

Volatility	10%	15%	20%	25%	30%
Valuation	2.54 €	4.95 €	7.15 €	9.06 €	10.78 €

As an example, the following table gives some measurements of the historical volatility:

Term	30 days	60 days	90 days	6 months
Volatility	29.10 %	26.25 %	22.46 %	21.23 %

4.2.1.3 Applicable law and competent courts

4.2.1.3.1 Applicable law

The Redeemable Share Subscription Warrants are issued under Luxembourg law.

4.2.1.3.2 Competent courts

The competent courts in the event of disputes shall be those of the registered office of the Company without prejudice to the latter's right to take action before any other competent court under Luxembourg law.

4.2.1.4 Form and method of registration of the Redeemable Share Subscription Warrants under an account

The Redeemable Share Subscription Warrants shall be delivered in pure registered form. They shall be registered under an account in mandatory form held by Natexis Banques Populaires, at 10-12, avenue Winston Churchill, 94220 Charenton-le-Pont, issued with a mandate by Orco Property Group.

The Redeemable Share Subscription Warrants shall be registered in an account and negotiable with effect from **18 November 2005**. The Redeemable Share Subscription Warrants are issued in euros.

4.2.1.6 Seniority of the Redeemable Share Subscription Warrants admitted for trading

Not applicable.

4.2.1.7 Rights and restrictions attached to the Redeemable Share Subscription Warrants and terms of exercise of said rights

4.2.1.7.1 Exercise Price of the Redeemable Share Subscription Warrants and number of Orco Property Group shares received from the exercise of the Redeemable Share Subscription Warrants

Without prejudice to the provisions of paragraph 4.2.2.4 "Adjustment rules applicable in the occurrence of an event that has an effect on the underlying instrument", one Redeemable Share Subscription Warrants shall carry the right to subscribe to one new share in Orco Property Group (hereinafter the "Exercise Parity") subject to the payment of an exercise price of **68.61 €** to be paid in cash, simultaneously to the exercise of the Redeemable Share Subscription Warrants. However, for every 10 Redeemable Share Subscription Warrants exercised, bearers may pay for their subscription of 686.10 € (**10 x 68.61€**) by the submission of ONE Bond with a nominal value of **686.10 €** made liquid and due to this effect at a price of **686.10 €** (see Section 4.1.8.1.3.2 "Early redemption at the option of the bearers exercising the Redeemable Share Subscription

Warrants and payment by offset of the share subscription amount by exercise of the Redeemable Share Subscription Warrants”.

4.2.1.7.2 Exercise Period of the Redeemable Share Subscription Warrants

The Redeemable Share Subscription Warrants may be exercised with effect from **18 November 2005** for **7 years** until **18 November 2012** inclusive.

4.2.1.7.3 Terms of exercise of the Redeemable Share Subscription Warrants

In order to exercise their Redeemable Share Subscription Warrants, the bearers are required to make an application to the intermediary with whom their securities are registered in an account and pay up the amount of their subscription as stated in Sections 4.2.1.7.1 “*Exercise price of the Redeemable Share Subscription Warrants and number of Orco Property Group shares received from the exercise of the Redeemable Share Subscription Warrants*” and 4.2.1.7.2 “*Exercise Period*”. **Natexis Banques Populaires** shall be responsible for centralising these transactions.

4.2.1.7.4 Benefit and rights attached to the new shares issued on exercise of the Redeemable Share Subscription Warrants

The rights attached to the new shares issued as a result of the exercise of the Redeemable Share Subscription Warrants are defined in Section 8 “Additional information on new shares issued as a result of the exercise of the Redeemable Share Subscription Warrants”

4.2.1.7.5 Suspension of the exercise of the Redeemable Share Subscription Warrants

In the event of a capital increase or the issue of securities giving access to the capital, or a merger or demerger or other financial transactions that carry a preferential subscription right or allow a priority subscription period in favour of the Company's shareholders, the Company reserves the right to suspend the exercise of the Redeemable Share Subscription Warrants for a period which may not exceed three months, but said option shall not under any circumstances mean that the holders of the Redeemable Share Subscription Warrants shall lose their option to exercise their Redeemable Share Subscription Warrants.

The decision by the Company to suspend the exercise of the Redeemable Share Subscription Warrants shall be announced in a Luxembourg daily newspaper, a French national financial newspaper and in a Euronext Paris S.A. announcement. This announcement shall be published at least fifteen days before the suspension comes into force and shall specify the date the suspension comes into force and the date on which it shall end.

4.2.1.8 Resolution and decision by virtue of which the Bonds with Redeemable Share Subscription Warrants are issued

Refer to the resolution and decisions described in Section 4.1.11 of this prospectus for securities.

4.2.1.9 Scheduled issue date of the Redeemable Share Subscription Warrants

As is the case for the Bonds, the Redeemable Share Subscription Warrants shall be issued on **18 November 2005**.

4.1.10 Restrictions on the free trading of the Redeemable Share Subscription Warrants

There are no restrictions on the free trading of the Redeemable Share Subscription Warrants

4.2.1.11 Nullity, Repurchase and Redemption of the Redeemable Share Subscription Warrants

4.2.1.11.1 Nullity of the Redeemable Share Subscription Warrants

Any Redeemable Share Subscription Warrants not exercised by **18 November 2012** may no longer be exercised and shall be null and void **18 January 2013**, or on expiry of the period during which the holders of the Redeemable Share Subscription Warrants who have not exercised them may request redemption thereof from the Issuer at a unit price of €0.01 under the conditions stated in Section 4.2.1.11.2.2 “*Redemption of Redeemable Share Subscription Warrants at the issuer's option*”.

4.2.1.11.2 Redemption of the Redeemable Share Subscription Warrants

4.2.1.11.2.1 Redemption of the Redeemable Share Subscription Warrants at the initiative of the Company

The Company may, at its sole discretion, at any time with effect from **19 November 2007** until the end of the Exercise Period, redeem all or some of the outstanding Redeemable Share Subscription Warrants early at the unit price of €0.01. However, such early redemption shall only be possible if the average price (weighted for the volume of transactions of the Orco Property Group share on the Euronext Paris S.A. Eurolist market), of the ten stock exchange trading sessions preceding the publication of the early redemption announcement (as defined later in this paragraph), of the products (1) of the closing prices of the Orco Property Group share on the Euronext Paris S.A. Eurolist Market and (2) of the Exercise Parity in force at each of these sessions exceeds 96.05€.

In the event that the Orco Property Group redeems some of the Redeemable Share Subscription Warrants remaining in circulation, the number of Redeemable Share Subscription Warrants to be redeemed (hereinafter "**Number of Redeemable Share Subscription Warrants to be Redeemed**") shall correspond for each tranche of redemption to 10% of the number rounded down to the lowest whole number, of Redeemable Share Subscription Warrants for which application for admission to trading on the Eurolist Market of the Euronext Paris S.A. under ISIN Code LU0234878881 is to be made.

One month prior to the partial early redemption date, the financial intermediaries shall establish the number of Redeemable Share Subscription Warrants which are to be redeemed early by applying the ratio of the Number of Redeemable Share Subscription Warrants to be Redeemed and the number of Redeemable Share Subscription Warrants remaining in circulation to the number of Redeemable Share Subscription Warrants appearing in each account, rounding off the result thus obtained to the next lowest whole number. Application will be made to admit these Redeemable Share Subscription Warrants to trading on the Euronext Paris S.A. Eurolist Market under a new ISIN code until their redemption date. As a result of the aforementioned, the number of Redeemable Share Subscription Warrants which shall be redeemed early may be less than 10% of the total number of Redeemable Share Subscription Warrants. Consequently the number of Redeemable Share Subscription Warrants which are not redeemed early shall be carried over, where applicable, to the tenth tranche of 10%.

A "**Stock Exchange Day**" shall mean a Working Day on which Euronext Paris S.A. provides quotation of shares other than a day on which the quotations cease before the normal closing time.

For the purpose of this paragraph, a "Working Date" is a day (other than a Saturday or Sunday) when the banks in Paris are open and when Euroclear France operates.

Announcement to holders of Redeemable Share Subscription Warrants of the redemption of Redeemable Share Subscription Warrants

The Company's decision to redeem all Redeemable Share Subscription Warrants early shall be published in advance at least one month before the Redeemable Share Subscription Warrants redemption date in an announcement in a Luxembourg daily newspaper, a French national financial newspaper and in a Euronext Paris S.A. announcement (hereinafter, the "Early Redemption Announcement").

In the event that the Company redeems the Redeemable Share Subscription Warrants, Holders of the Redeemable Share Subscription Warrants may avoid such redemption by exercising their Redeemable Share Subscription Warrants until the date set for the redemption in accordance with the stipulations of Section 4.2.1.7.2. After this date, the Redeemable Share Subscription Warrants shall be redeemed by the Company and cancelled.

4.2.1.11.2 Redemption of the Redeemable Share Subscription Warrants at the issuer's option

The bearers may at their sole discretion request that the Company redeem their unexercised Redeemable Share Subscription Warrants during a period of two months with effect from the expiry of the Exercise Period at the unit price of €0.01.

In the absence of such a request within the allotted time, the Redeemable Share Subscription Warrants shall lose their value and shall be cancelled immediately.

4.2.1.11.3 Redemption of the Redeemable Share Subscription Warrants at the Company's option

The Company reserves the right at any time, without any price or quantity restrictions, to repurchase the Redeemable Share Subscription Warrants on or off the market or through Redeemable Share Subscription Warrants repurchase or exchange offers.

4.2.1.12 Settlement-delivery procedure of the Redeemable Share Subscription Warrants

The settlement-delivery transactions of the Redeemable Share Subscription Warrants shall be handled in the Euroclear France RELIT-SLAB system, under ISIN Code: LU0234878881.

Redeemable Share Subscription Warrants shall be admitted to Euroclear France transactions which shall settle the securities between account holders. The Redeemable Share Subscription Warrants shall also be admitted for Euroclear Bank S.A./NV and Clearstream Banking, société anonyme, transactions.

The Redeemable Share Subscription Warrants shall be registered in an account and negotiable with effect from **18 November 2005**.

4.2.1.13 Terms relating to the product of the Redeemable Share Subscription Warrants

Not applicable

4.2.1.14 Tax status of the Redeemable Share Subscription Warrants

Under the present position of French tax law, the system described below summarises the tax position that applies to Redeemable Share Subscription Warrants.

Investors' attention is, however, drawn to the fact that the information on the tax status contained in this prospectus for securities is merely a summary of the taxation position currently in force. Holders are therefore invited to examine their individual position with their usual financial advisors.

In addition persons who are not French tax residents must comply with the tax legislation in force in their country of residence and notably, where applicable, to the provisions of the tax convention signed between Luxembourg and their country of residence.

4.2.1.14.1 French tax residents

4.2.1.14.1.1 Natural persons

The position of natural persons who own securities as part of their personal assets and who do not carry out stock exchange transactions on a regular basis is examined below.

(a) Capital gains on the disposal of Redeemable Share Subscription Warrants

In order to calculate the capital gains or losses, an acquisition value of zero needs to be applied to the Redeemable Share Subscription Warrants if it was received during the subscription to the Bonds with Redeemable Share Subscription Warrants, or the acquisition price if it was acquired later on the market.

Pursuant to the provisions of Article 150-0 A and 200 A-2 of the *Code Général des Impôts*, the capital gains on the disposal of Redeemable Share Subscription Warrants realised by natural persons who are liable to income tax at the proportionate rate of 16% if the total amount of the disposals of securities and other rights or securities specified under Article 150-0 A of the *Code Général des Impôts* realised during the calendar year exceeds a threshold currently set at €15,000 per taxpayer.

The following social deductions of a total rate of 11% apply in addition to the 16%:

- the *contribution sociale généralisée* (“CSG”) at a rate of 8.2% (Article 1 600-0 E of the *Code Général des Impôts*);
- the *contribution pour le remboursement de la dette sociale* (“CRDS”) at a rate of 0.5% (Articles 1 600-0 L of the *Code Général des Impôts*);
- the social deduction at a rate of 2% (Article 1 600-0 F *bis* of the *Code Général des Impôts*), and;
- the additional contribution to the social deduction at a rate of 0.3% (Act 2004-626 of 30 June 2004, Article 11).

Taking account of the aforementioned social deductions, the actual rate of taxation of the capital gains amounts to 27%.

In accordance with the provisions of Article 150-0 D-11° of the *Code Général des Impôts*, the capital losses on disposal recorded during the year are only liable in respect of the capital gains of the same nature realised during the same year or the ten following years.

If the Redeemable Share Subscription Warrants is not exercised on maturity its holder shall suffer a loss corresponding to the acquisition price of the warrant which does not constitute a tax-deductible capital loss.

The exercise of the Redeemable Share Subscription Warrants does not result in any specific tax effects.

(b) Personal Equity Plans

Redeemable Share Subscription Warrants issued by French companies are eligible in respect of assets that can be held as part of a personal equity plan.

During the term of the personal equity plan, realised capital gains are not subject to income tax or social contributions (CSG, CRDS, the 2% social deduction and the 0.3% additional contribution).

On exit from the personal equity plan (as a result of withdrawal, repurchase, closure), the net gains are completely exempt from income tax if the term of the personal equity plan is at least five years. The gains are liable to income tax at a rate of 16% in the event of exit after two years and a rate of 22.5% in the event of exit before two years if the annual disposal threshold of €15,000 is exceeded.

The net gains remain liable to tax on withdrawal or on closure of the plan to the social deductions regardless of the term of the personal equity plan and the reasons for exit (withdrawal, repurchase, closure).

The deductions that apply based the term of the personal equity plan are summarised in the table below:

<u>Term of the PEP</u>	<u>Income tax</u>	<u>CSG</u>	<u>CRDS</u>	<u>Social deduction</u>	<u>Additional contribution</u>	<u>TOTAL</u>
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<u>Less than 2 years</u>	22.5%	8.2%	0.5%	2%	0.3%	33.5%
<u>Between 2 and 5 years</u>	16%	8.2%	0.5%	2%	0.3%	27%
<u>More than 5 years</u>	0%	8.2%	0.5%	2%	0.3%	11%

(c) *Impôt de solidarité sur la fortune* [Wealth Tax]

Redeemable Share Subscription Warrants held by natural persons are included in their taxable assets, and where applicable, to Wealth Tax.

4.2.1.14.1.2 Legal persons liable to corporate income tax

Capital gains on the disposal of Redeemable Share Subscription Warrants

In order to calculate the capital gains or losses on disposal of the Redeemable Share Subscription Warrants, either an acquisition value equal to the difference between the single subscription price of the Bonds with Redeemable Share Subscription Warrants and the value of the Bond on the subscription date, or the acquisition price if it was acquired later on the market, is applied. In the case of the Bonds with Redeemable Share Subscription Warrants which were acquired when first issued, the acquisition price of the Redeemable Share Subscription Warrants is equal to the breakdown of the subscription price of the Bonds with Redeemable Share Subscription Warrants between the price of the Bond and the price of the Redeemable Share Subscription Warrants. The applicable price of the Bond shall be its discounted value on the subscription date, the price of the Redeemable Share Subscription Warrants being equal to the difference between the subscription price of the Bonds with Redeemable Share Subscription Warrants and the discounted value of the Bond on the subscription date (Article 38-8.1° of the *Code Général des Impôts*).

The realised capital gains or losses on the sale of the Redeemable Share Subscription Warrants are included in the result subject to corporate income tax at the ordinary rate of 33 1/3%, plus the additional contribution at a rate of 1.5% as stated in Article 235 ter ZA of the *Code Général des Impôts* and, where applicable, the social contribution of 3.3% as stated under Article 235 ter ZC of the *Code Général des Impôts*. Certain small and medium-sized enterprises may, under the conditions stated in Article 219-I-b of the *Code Général des Impôts*, benefit from a reduction in the corporate income tax rate to 15% on the fraction of their profit capped at €38,120 per 12-month period.

The Redeemable Share Subscription Warrants are not classified as participating investments. Accordingly, the capital gains realised on the sale thereof are excluded from long-term capital gains provisions.

The exercise of the Redeemable Share Subscription Warrants does not constitute a taxable event.

4.2.1.14.2 Non tax residents of France

It should be noted that persons who are not French tax residents must comply with tax legislation in force in their country of residence and notably, where applicable, to the provisions of the tax convention signed between Luxembourg and their country of residence.

4.2.2 Information on the underlying instrument

The underlying instrument is the ordinary share issued by Orco Property Group under ISIN code: LU0122624777.

4.2.2.1 Exercise price of the Redeemable Share Subscription Warrants and number of Orco Property Group shares received from the exercise of the Redeemable Share Subscription Warrants

One Redeemable Share Subscription Warrants shall carry the right to subscribe to one new share in Orco Property Group subject to the payment of an exercise price of **68.61** € to be paid in cash, simultaneously to the exercise of the Redeemable Share Subscription Warrants.

However, for every 10 Redeemable Share Subscription Warrants exercised, bearers may pay for their subscription of 686.10 € (**10 x 68.61** €) by the submission of ONE Bond with a nominal value of 686.10 € made liquid and due to this effect at a price of **686.10** € (see Section 4.1.8.1.3.2 “*Early redemption at the option of the bearers exercising the Redeemable Share Subscription Warrants and payment by offset of the share subscription amount by exercise of the Redeemable Share Subscription Warrants*”).

4.2.2.2 Information on the Orco Property Group share

Investors can consult the Euronext Paris website for more information on the Orco Property Group share: www.euronext.com.

4.2.2.3 Disruption to the market or the settlement affecting the Orco property Group share

Not applicable.

4.2.2.4 Adjustment rules applicable in the occurrence of an event that has an effect on the underlying instrument

4.2.2.4.1 Maintenance of the rights of the Holders of the Redeemable Share Subscription Warrants

4.2.2.4.1.1 Consequences of the Issue

In the event of a transaction that includes a preferential subscription right reserved for shareholders, Holders of the Redeemable Share Subscription Warrants shall be informed thereof before commencement of the transaction through an announcement in a national Luxembourg daily newspaper, in a national French financial newspaper and through an announcement made by Euronext Paris S.A.

In accordance with French legislation, the Board of Directors of the Company has decided that:

- whilst there are Redeemable Share Subscription Warrants in circulation, the Company may not redeem the share capital or modify the appropriation of its profit. However the Company may issue non-voting preference shares provided it maintains the rights of the Holders of the Redeemable Share Subscription Warrants in accordance with the stipulations of Section 4.2.2.4.1.2 "*In the event of financial transactions*".

- in the event of a capital reduction as a result of losses, the rights of the Holders of the Redeemable Share Subscription Warrants exercising their Redeemable Share Subscription Warrants shall be reduced accordingly as if said holders of the Redeemable Share Subscription Warrants had been shareholders from the issue date of the Redeemable Share Subscription Warrants regardless of whether the capital reduction is carried out by reducing the nominal value of the shares or the number thereof.

4.2.2.4.1.2 In the event of financial transactions

On completion of the following transactions:

- issue of securities including a preferential listed subscription right,
- capital increase through the incorporation of reserves, profits or premiums and the free issue of shares; subdivisions or consolidations of shares,
- incorporation into the capital of reserves, profits or premiums by increasing the nominal value of the shares,
- distribution of reserves in cash or in kind or of issue premiums,
- free issues to shareholders of any financial instrument other than the shares of the Company,
- absorption, merger, demerger of the Company,
- repurchase of treasury stock at a price exceeding the stock market price,
- distribution of an exceptional dividend,
- amortisation of capital,
- modification of the appropriation of profits that the Company may carry out with effect from this issue, the maintaining of the rights of the holders of the Redeemable Share Subscription Warrants shall be guaranteed, in so far as there are still valid Redeemable Share Subscription Warrants in existence, by adjusting the Exercise Parity of the Redeemable Share Subscription Warrants.

In the event of adjustments made in accordance with paragraphs 1 to 10 below, the new Exercise Parity shall be determined to two decimal places by rounding off to the nearest 100th (0.005 being rounded up to the next highest 100th). Any possible future adjustments shall be made with effect from the preceding Exercise Parity calculated and rounded off as stated. However, only a whole number of shares may be issued in respect of the Redeemable Share Subscription Warrants. The processing of odd lots is explained below under Section 4.2.2.4.1.3 "*Processing of odd lots*").

1. In the event of financial transactions that include a quoted Preferential Subscription Right, the new Exercise Parity shall be equal to the product of the Exercise Parity in force before the start of the transaction under consideration based on:

Value of the share ex subscription right plus the value of
the subscription right

Value of the share ex subscription right

To calculate this ratio, the values of the ex-rights shares and of the subscription right shall be determined from the average of the first prices quoted on the Euronext Paris S.A. Eurolist market or (in the absence of quotation by Euronext Paris S.A., on another regulated or equivalent market on which the share and subscription right are both quoted) over the stock exchange days included in the subscription period during which the ex-rights share and subscription right are quoted simultaneously.

2. In the event of a capital increase through the incorporation of reserves, profits or premiums and the free issue of shares, as well as the subdivision or consolidation of shares, the new

Exercise Parity shall be equal to the product of the Exercise Parity in force before commencement of the transaction in question based on:

$$\frac{\text{Number of shares after the transaction}}{\text{Number of shares before the transaction}}$$

3. In the event of a capital increase through the incorporation of reserves, profits or premiums performed by the increase of the nominal value of the shares, the nominal value of the shares that the holders of the Redeemable Share Subscription Warrants who exercise these may receive shall be raised by the due amount.

4. In the event of the distribution of reserves in cash or in kind or a share premium, the new Exercise Parity shall be equal to the product of the Exercise Parity in force before the commencement of the transaction by the following adjustment factor:

$$1 - \frac{\text{Amount of the distribution per share}}{\text{Value of the share before distribution}}$$

In order to calculate the adjustment factor, the value of the share before the distribution shall be equal to the weighted average of the prices during the last three stock exchange trading sessions on the Euronext Paris Eurolist Market preceding the distribution date.

5. In the event of a free issue of one or more financial instruments other than shares in the Company, the new Exercise Parity shall be determined:

- if the right to the free issue of the one or more financial instruments is quoted on the Euronext Paris S.A. Eurolist, the new Exercise Parity shall be equal to the product of the ratio of the Exercise Parity in force before the commencement of the date of the transaction by the following adjustment factor:

$$1 + \frac{\text{Value of the free issue}}{\text{Value of the share after detachment of the free issue}}$$

In order to calculate this adjustment factor, the value of the free issue right and the value of the share after detachment of the free issue right shall be determined from the weighted average of the prices over the first three stock exchange trading sessions on the Euronext Paris Eurolist Market with effect from the detachment of the free issue right.

- if the right to the free issue of the one or more financial instruments was not quoted on the Euronext Paris S.A. Eurolist, the new Exercise Parity shall be equal to the product of the Exercise parity in force before the date of the transaction by the following adjustment factor:

$$1 + \frac{\text{Value of the one or more financial instruments allocated}}{\text{Value of the share after detachment of the free issue right}}$$

In order to calculate this adjustment factor, the value of the one or more financial instruments allocated and the value of the share after detachment of the free issue right shall be determined from the weighted average of the prices over the first three stock exchange trading sessions on the Euronext Paris Eurolist Market with effect from the detachment of the free issue right.

If the one or more financial instruments allocated are not quoted on a Euronext Paris regulated market, their value shall be determined with reference to the principal regulated or equivalent market on which it or they are quoted. Failing this, its or their value shall be determined by an expert of international renown as appointed by the Company whose opinion shall not be subject to recourse.

6. In the event of the absorption of the Company by another company or of a merger with one or more other companies into a new company, or in the event of a demerger, the exercise of the Redeemable Share Subscription Warrants shall give rise to the issue of shares in the absorbing or new company or the beneficiary companies of the demerger.

The new Exercise Parity shall be determined by adjusting the Exercise Parity in force before the commencement of the transaction in question for the exchange ratio of the shares of the issuing Company against the shares of the absorbing or new company or beneficiary companies of the demerger. These companies shall substitute the Company in order to apply the above stipulations, the purpose of which is to retain, where applicable, the rights of the holders of the Redeemable Share Subscription Warrants in the event of financial or securities transactions, and, generally speaking, to ensure that the rights of the holders of the Redeemable Share Subscription Warrants are guaranteed under the legal, regulatory and contractual conditions.

7. In the event that the Company buys back its own shares at a price exceeding the stock market price, the new Exercise Parity shall be equal to the product of the Exercise Parity in force by the following ratio calculated to the nearest 100th of a share:

$$\frac{\text{Value of the share} + \text{pc\%} \times (\text{Repurchase price} - \text{Value of the share})}{\text{Value of the share}}$$

For the purpose of calculating this ratio:

The value of the share shall mean the average of at least ten consecutive quoted prices chosen from among the twenty which precede the repurchase (or the repurchase option).

Pc% shall mean the percentage of capital repurchased.

Repurchase price shall mean the actual repurchase price (by definition above the stock exchange price).

8. Distribution of exceptional dividend

An exceptional dividend is deemed to have been paid if, taking account of all the Company's dividends per share paid in cash or in kind (before any withholding tax and excluding tax credits) since the start of a single year, the Yield per Share (as defined below) is greater than 5%, given that any dividends or parts of dividends resulting in an adjustment of the Exercise Parity, in accordance with parts 1 to 7, 9 and 10 of this Section 4.2.2.4.1.2, shall not be taken into account to determine the existence of an exceptional dividend or to determine the Yield per Share.

In the event of the distribution of an exceptional dividend, the new Exercise Parity shall be equal to the product of the Exercise Parity in force before the start of the transaction under consideration times the factor of:

$$1 + \text{Yield per Share} - 2.5\%$$

(2.5% corresponds to the average yield of French shares over the medium to long term period).

In the event of payment of a dividend by the Company in cash or in kind (before any withholding tax and excluding tax credit) between the payment date of the Trigger Dividend (as defined below) and the end of the same financial period (an "**Additional Dividend**"), the Exercise Parity shall be adjusted. The new Exercise Parity shall be equal to the product of the Exercise Parity in force before the start of the transaction under consideration times the factor of:

$$1 + \text{Yield per Share for the Additional Dividend}$$

For the requirements of this Section 4.2.2.4.1.2, point 8

"**Trigger Dividend**" shall mean the dividend from which the Yield per Share exceeds 5%;

"**Prior Dividend**" shall mean any dividend paid since the start of the same year prior to the Trigger Dividend;

"**Yield per Share**" shall mean the sum of the ratios obtained by dividing the Trigger Dividend and, where applicable, all the Prior Dividends by the closing price of the share of the Company on the Stock Exchange Day immediately preceding the corresponding payment date.

"**Yield per Share for the Additional Dividend**" shall mean the ratio between the Additional Dividend (net of all dividends or parts of dividend resulting in an adjustment of the Exercise Parity in accordance with points 1. to 7., 9. and 10. of this Section 4.2.2.4.1.2 and the closing price of the share of the Company on the Stock Exchange day immediately preceding the payment of the Additional Dividend.

9. Amortisation of capital

In the event of the amortisation of capital, the new Exercise Parity shall be equal to the product of the Exercise Parity in force before the commencement of the transaction in question by the following adjustment factor:

$$1 - \frac{\text{Amount of amortisation per share}}{\text{Value of the share before amortisation}}$$

In order to calculate the adjustment factor, the value of the share before the amortisation shall be equal to the weighted average of the prices over the last three stock exchange trading sessions on the Euronext Paris Eurolist Market preceding the amortisation date.

10. Modification of the appropriation of profits

In the event of the modification by the Company of the appropriation of its profits as a result of the issue of preference shares, the new Exercise Parity shall be equal to the product of the Exercise Parity in force before the commencement of the transaction in question by the following adjustment factor:

1

$$1 - \frac{\text{Reduction to profit rights per share}}{\text{Value of the share before modification}}$$

In order to calculate the adjustment factor, the value of the share before the modification of the appropriation of profits shall be equal to the weighted average of the prices during the last three stock exchange trading sessions on the Euronext Paris Eurolist Market preceding the modification date.

If the Company carries out transactions for which no adjustment is made in respect of this Section 4.2.2.4.1.2 and future legislation or regulations require an adjustment, the Company shall make this adjustment in accordance with the applicable legislative or regulatory stipulations and with normal practice on the Luxembourg market.

The Board of Directors shall report on the calculation components and the results of any adjustment in the annual report following this adjustment.

4.2.2.4.1.3 Processing of odd lots

Any Holders of the Redeemable Share Subscription Warrants who exercise their rights in respect of the Redeemable Share Subscription Warrants may subscribe to a number of shares in the Company calculated by applying the Exercise Parity in force to the number of the Redeemable Share Subscription Warrants presented.

If the number of shares thus calculated is not a whole number, Holders of the Redeemable Share Subscription Warrants may request delivery of:

- either the number of shares immediately below; in this case they will be paid the cash sum equal to the product of the share fraction making up the odd lot by the value of the share, valued on the basis of the price quoted during the stock exchange trading day preceding the day the request to exercise the rights is made;
- or the number of shares immediately above, provided they pay the Company for the fraction of the additional share as stated in previous Section.

5. CONDITIONS OF THE BONDS WITH REDEEMABLE SHARE SUBSCRIPTION WARRANTS OFFER

5.1 Conditions, provisional schedule and terms of subscription

5.1.1 Conditions of the offer

5.1.1.1 Cancellation of the Preferential Subscription Right in favour of the Subscribers

The Extraordinary General Meeting of 18 May 2000 authorised the issue of shares without preferential subscription rights.

In its decision of **11 November 2005**, the Board of Directors cancelled the preferential subscription rights of shareholders to the Bonds with Redeemable Share Subscription Warrants in favour of the Subscribers in an amount of **50,272,605.30 €**.

5.1.1.2 Subscription undertakings

The Subscribers have made irrevocable undertakings to the Company to subscribe to 72.273 Bonds with Redeemable Share Subscription Warrants. However, Subscribers who do not wish to keep all the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants thus acquired, have subjected their undertakings to subscribe to Bonds with Redeemable Share Subscription Warrants to the repurchase of 366.365 of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants thus acquired.

The Company therefore plans to offer an option to the managers of the Orco Property Group named by the Board of Directors of the Company (hereinafter the “**Beneficiary Managers**”) to buy directly through a company in which they hold at least 50% of the capital and voting rights 366.365 of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants acquired by the Subscribers at a unit price of 3.35 € under the terms stated under section 5.1.3.2 “*Procedure for repurchasing the Redeemable Share Subscription Warrants from the Subscribers*”.

5.1.2 Total Issue amount

The loan with a total nominal value of **50,272,605.30** €], shall be represented by **73.273**] Bonds with Redeemable Share Subscription Warrants of a unit nominal value of 686.10 €.

5.1.3 Subscription date and procedure

11 November 2005:	Meeting of the Board of Directors to set the terms of the Issue.
14 November 2005:	Approval of the Prospectus by the Commission de Surveillance du Secteur Financier (the “ CSSF ”)
15 November 2005:	Notification of certificate of approval by the CSSF to the Autorité des Marchés Financiers (“ AMF ”)
18 November 2005:	Subscribers subscribe to Bonds with Redeemable Share Subscription Warrants
18 November 2005:	Repurchase of Redeemable Share Subscription Warrants by Prague Real Estate 1 S.A.
22 November 2005:	Separate quotation of the Bonds and the Redeemable Share Subscription Warrants

5.1.3.1 Date of subscription to Bonds with Redeemable Share Subscription Warrants

The Subscribers shall subscribe to the Bonds with Redeemable Share Subscription Warrants on **18 November 2005**.

Where one or more subscribers fail to exercise their subscription engagement, the Board of Directors of the Company may limit the amount of the Issue to the subscriptions collected.

5.1.3.2 Procedure for Repurchasing the Redeemable Share Subscription Warrants from the Subscribers

329.729 of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants acquired by the Subscribers shall be offered by the Company to managers of the Orco Property Group named by the Board of Directors of the Company (the “**Beneficiary Managers**”) who may acquire these directly through a company in which they hold at least 50% of the capital and voting rights at a unit price of 3.35 €.

In addition, Europe Tech Invest and Astin Capital have undertaken to buy **18.318** respectively of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants acquired by the Subscribers at the unit price of 3.35 €.

To facilitate the Redeemable Share Subscription Warrants repurchase procedure from the Subscribers, Prague Real Estate 1 S.A., a subsidiary of the Company located at **8, boulevard Emmanuel Servais, L-2535 Luxembourg** shall buy from the Subscribers **366.365** at the unit price of 3.35 € and shall sell at the same price to the Beneficiary Managers a maximum of **329.729** who have undertaken to acquire them no later than **19 November 2005** and an amount of 36.636 to Europe Tech Invest and Astin Capital.

The balance of the 329.729 Redeemable Share Subscription Warrants offered to the Beneficiary Managers not repurchased back by them under the conditions stated in this Section shall be repurchased by Mr Jean-François Ott, through Orco Holding, at a unit price of 3.35 €.

The sales and repurchases of the Redeemable Share Subscription Warrants and the payment of the corresponding sums shall take place on the Redeemable Share Subscription Warrants Disposal Date.

5.1.4 Ability to reduce the subscription

The amounts subscribed by each of the Subscribers must correspond to the amounts set forth in the irrevocable subscription undertakings contracted with the Company.

5.1.5 Minimum and/or maximum subscription

Not applicable

5.1.6 Closing dates and payment and delivery terms of the Bonds with Redeemable Share Subscription Warrants

The Bonds with Redeemable Share Subscription Warrants subscription price must be paid in full in cash on the **18 November 2005** and the settlement-delivery of the Bonds and the Redeemable Share Subscription Warrants shall take place on the same day.

5.1.7 Method of publication of the results of the offer

Not applicable

5.1.8 Cancellation of shareholders' preferential subscription rights in favour of the named beneficiaries

The Extraordinary General Meeting of 18 May 2000 granted the Board of Directors all powers to carry out capital increases from the authorised capital with the option to cancel the preferential subscription rights of shareholders.

In its decision of **11 November 2005** the Board of Directors decided to cancel the preferential subscription rights of shareholders to the Bonds with Redeemable Share Subscription Warrants in favour of the Subscribers in an amount of 50,272,605.30] €.

5.2 Distribution and allocation of Bonds with Redeemable Share Subscription Warrants plan

5.2.1 Categories of potential investors

The Bonds with Redeemable Share Subscription Warrants shall be subscribed by the Subscribers in an amount of 50,272,605.30 € by virtue of the irrevocable subscription undertakings contracted with the Company.

5.2.2 Procedure for notifying Subscribers of the amount allocated to them

Not applicable

5.3 Pricing

5.3.1 Issue price of Bonds with Redeemable Share Subscription Warrants

The unit nominal value of the Bonds with Redeemable Share Subscription Warrants amounts to **686.10 €**. The Bonds with Redeemable Share Subscription Warrants shall be issued at a unit price equal to roughly 99.46% of their nominal value, that is **682.38 €**.

5.4 Placement and underwriting

As this represents an issue of Bonds with Redeemable Share Subscription Warrants without preferential subscription rights to shareholders in favour of named beneficiaries, there will be no placement or no underwriting. Irrevocable undertakings to subscribe to the Bonds with Redeemable Share Subscription Warrants have been contracted by the Subscribers under the conditions stated in Section 5.1.12 "*Subscription Undertakings*" above.

5.4.1 Coordinators for the whole of the offer placers in various countries where the offer takes place

Not applicable

5.4.2 Intermediaries responsible for the financial service and the Calculation Agent

Natexis Banques Populaires ("the **Financial Agent**") shall be responsible for the financial service of the loan (payment of due interest, redemption of amortised securities etc).

Natexis Banques Populaires shall be responsible for servicing the securities.

The Issuer shall act as the Calculation Agent under the conditions stated in Section 4.1.7.3 "*Interest*" above.

6. ADMISSION TO TRADING AND TERMS OF TRADING

6.1 Admission to trading

Application has been made to admit the Bonds to trading on the Euronext Paris S.A. Eurolist Market. They shall be quoted separately from and simultaneous to the Redeemable Share Subscription Warrants. Their anticipated listing date is **22 November 2005** under ISIN code FR0010249599.

There are no plans to obtain a listing on another market.

Application has been made to admit the Redeemable Share Subscription Warrants to trading on the Euronext Paris S.A. Eurolist Market. They shall be quoted separately from and simultaneous to the Bonds. Their anticipated listing date is **22 November 2005** under ISIN code LU0234878881.

The listing conditions of the Bonds and the Redeemable Share Subscription Warrants shall be set forth in a Euronext announcement which shall be issued no later than the first date of listing of the Bonds and the Redeemable Share Subscription Warrants, that being **22 November 2005**.

6.2 Listing markets

Orco Property Group bonds are listed on the Luxembourg Stock Exchange under ISIN code FR0010249599 and share subscription warrants are listed on the Euronext Paris S.A. market under ISIN code LU0180369919.

6.3 Liquidity agreement

Neither the Bonds nor the Redeemable Share Subscription Warrants are covered by a liquidity agreement.

7. ADDITIONAL INFORMATION

7.1 Capacity of the advisors to the Issue

Europe Offering and Astin Capital have acted respectively as advisor to the Issuer and arranger in respect of the Issue].

7.2 Persons responsible for auditing the accounts/statutory auditors' report

7.2.1 Names of auditors of accounts

Statutory auditors:

- HRT Révision S.A.R.L.
23, Val Fleuri, Luxembourg
Represented by Mr Dominique Ransquin, Company Auditor, since June 2002, reappointed by the Ordinary General Meeting of 29 April 2004, expiring at the end of the Ordinary General Meeting convened to approve the accounts for the financial year ended 31 December 2006.
- PricewaterhouseCoopers S.A.R.L.
400, route d'Esch, L-1014 Luxembourg
Represented by Amaury Evrard, Company Auditor, appointed by the Ordinary General Meeting of 29 April 2004, expiring at the end of the Ordinary General Meeting convened to approve the accounts for the financial year ended 31 December 2006.

7.3 Accounting treatment of the Issue

7.3.1 IFRS

The Redeemable Share Subscription Warrants are shown under the equity capital in an amount equal to the difference between the proceeds of the issue of the Bonds with Redeemable Share Subscription Warrants and the value of the Bond debt, discounted to the market rate on the issue date, for a traditional debt with identical maturity dates. On issue, the discounted value of the bond debt is equal to the difference between the nominal value and the selling price of the Redeemable Share Subscription Warrants. A margin equal to the appropriate credit spread as at the date of issue, for similar bonds, is added; financial expenses are impacted by a revaluation of the bond loan rate. The issue premium will be amortised according to the actual interest rate method.

7.4 Expert report

Not applicable

7.5 Information from a third party

Not applicable

7.6 Rating

Neither the Issuer nor the loan securities are rated.

7.7 Post-issue information

The Issuer does not intend to provide any post-issue information.

8. ADDITIONAL INFORMATION ON THE NEW SHARES ISSUED ON EXERCISE OF THE Redeemable Share Subscription Warrants

8.1. Description of the new shares to be issued on exercise of the Redeemable Share Subscription Warrants

8.1.1 Type, category and Ranking Date of the new shares

The existing shares of Orco Property Group are admitted to trading on the Euronext Paris Eurolist market (ISIN code: LU0122624777), under the Foreign Stocks subsection. The Orco Property Group share is classified under sector 86: "Real Estate" and sub-sector 862: "Real Estate Holding and Development" in the FTSE.

Shares issued following the exercise of the Redeemable Share Subscription Warrants shall be subject to all the stipulations of the Articles of Association and shall carry ranking rights on the first day of the financial year during which the exercise request and payment of the subscription price occurs. They shall carry rights in respect of said financial year and future years, with equal nominal value, to the same dividend as that which may be distributed to the other shares with the same ranking dates.

They shall therefore rank *pari passu* with said shares with effect from the payment of the dividend in respect of the preceding financial year, or, if no dividend was distributed, after the annual meeting to approve the accounts for said financial year.

8.1.2 Jurisdiction and applicable law

8.1.2.1 Applicable law

The new shares shall be issued under Luxembourg law.

8.1.2.2 Competent courts

The competent courts in the event of disputes shall be those of the registered office of the Company without prejudice to the latter's right to take action before any other competent court under Luxembourg law.

8.1.3 Form and method of registration of the new shares under an account

The new shares issued upon exercise of the Redeemable Share Subscription Warrants shall be in registered or bearer form at the choice of the shareholders.

The shares, regardless of their form, shall be registered in accounts held as appropriate by Orco Property Group or its representative or an authorised intermediary. The rights of the shareholders shall be represented by a registration in their name with Orco Property Group or its representative for shares in a purely registered form, with Orco Property Group or its representative and also at the authorised intermediary of their choice for shares in administered registered form and with the chosen authorised intermediary in the case of bearer shares.

8.1.4 Issue currency

The new shares shall be issued in euros.

8.1.5 Rights and restrictions applicable to the shares issued

8.1.5.1 Rights attached to the shares issued on exercise of the Redeemable Share Subscription Warrants

The new shares shall be subject to all the stipulations of the Company's Articles of Association.

Pursuant to the current Articles of Association, 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 shall be issued at par.

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 as proposed by the Board of Directors by deduction from the distributable sums in accordance with applicable legal stipulations.

Shareholders only incur the losses of the Orco Property Group in amounts equal to their contributions.

Voting rights

In accordance with the Luxembourg Companies Act of 10 August 1915, each share carries entitlement to only one vote at the general meetings of shareholders.

Convening of shareholders who hold their shares with Euroclear France

The Company shall send the information pertaining to shareholders, notably let relating to the general meetings, directly to **Natexis Banques Populaires**, the establishment which is responsible for the servicing the securities and for the financial service. The latter shall notify said information as quickly as possible following receipt to the authorised financial intermediaries affiliated to Euroclear France that request it, and publish the invitations to attend the general meetings in the French and Luxembourg financial press.

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 with Euroclear France shall:

- give their voting instructions in the form of a proxy to their authorised financial intermediary which shall send them to **Natexis Banques Populaires**, the establishment which is responsible for servicing the securities and for the financial service, which in turn shall send these voting instructions to the representative appointed in the proxy who shall exercise them in accordance with the instructions given. It is however specified that **Natexis Banques Populaires** may be appointed as representative;

- prove their shareholders status. 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 *Natexis banques Populaires*, which in turn shall send it, as appropriate, to the representative named in the proxy.

Shareholders who hold their shares with Euroclear France who wish to attend a General Meeting shall be required to notify this intention to the Board of Directors at least five (5) working days before said meeting in order to be directly included on the attendance list before said meeting. In order to attend and vote at meetings, shareholders shall also be required to prove their status by producing a Blocking Certificate.

Preferential subscription rights

The Luxembourg Act of 10 August 1915 grants shareholders a preferential right of subscription which may be limited or cancelled by the General Meeting or by the Board of Directors if authorised by the former.

8.1.5.2 Tax status of the shares

Under the present position of French tax law, the system described below summarises the tax position that applies to shares issued upon exercise of the Redeemable Share Subscription Warrants.

Investors' attention is however drawn to the fact that the information on the tax status contained in this prospectus for securities is merely a summary of the taxation position currently in force. Holders are therefore invited to examine their individual position with their usual financial advisors.

8.1.5.2.1 Dividends

By virtue of current Luxembourg legislation, dividends distributed by a Luxembourg company to a non Luxembourg tax resident whose shareholding in the company is not actually attached to a permanent establishment in Luxembourg are subject to a deduction at source in Luxembourg at a rate of 20% of the gross dividend.

Its deduction does not apply if the beneficiary is a company registered in European Union covered by Article 2 of the EEC Directive of 23 July 1990 relating to the parent company and subsidiary status (or permanent establishment in Luxembourg or of such a company or of a resident company of a country that has entered into a tax convention with Luxembourg) and that on the date of provision of the revenues, the beneficiary holds or undertakes to hold a shareholding of at least 10% or an acquisition price of at least €1,200,000 for a period of 12 months.

In cases where the above-mentioned exemption does not apply, pursuant to the convention between France and Luxembourg in order to avoid double taxation and prevent tax evasion and fraud in respect of income and wealth tax dated 1 April 1958 (the "Convention"), the dividends distributed by a Luxembourg company to someone who has tax residence in France are subject to a deduction at source in Luxembourg which may not exceed:

5% of the gross amount of the dividends if the beneficiary of the dividends is a company which holds at least 25% of the share capital of the company which distributes the dividends. This 5% deduction also applies when the cumulative stakes of several companies which have tax residence in France reach at least 25% of the share capital of the company with its tax residence in Luxembourg and when one of the companies which have their tax residence in France owns more than 50% of the share capital of each of the other companies that have their tax residence in France;

15% of the gross amount of the dividends in all other cases.

Correspondingly, the tax credit that can be used in France attached to these dividends amounts, as appropriate, to 15/85ths (15% deduction at source) or 5/95ths (5% deduction at source).

As applicable, either the conventional rate of deduction at source is applied to the distribution, subject to the filing of certain forms and providing certain confirmations to the Luxembourg tax authorities, or the conventional rate of the deduction at source is not applied on the distribution and French shareholders who benefit from the reduced rate of deduction at source provided for under the convention may obtain a refund of the surplus adopted by applying to the Luxembourg tax authorities.

Dividends distributed by a Luxembourg company to a French shareholder are taken into account in order to determine the total income of the taxpayer subject to income tax or corporate income tax in France.

Whether received in France or in other countries, these dividends must be included in the personal income base (income tax or corporate income tax) due by the French shareholder at the net amount received, plus the tax credit which is attached thereto. This tax credit is imputable to French tax in the basis of which the corresponding dividends are included and subject to the limit of French tax pertaining to these same dividends.

(a) Natural person French shareholders

Dividends distributed by a Luxembourg company to a French shareholder who is natural person in France, are subject to income tax in France under the securities income category, using the progressive scale.

These dividends are also subject in respect of the amount used before any allowance to the following social deductions at a global rate of 11%:

- the *contribution sociale généralisée* (“CSG”) at a rate of 8.2% (Article 1 600-0 E of the *Code Général des Impôts*);
- the *contribution pour le remboursement de la dette sociale* (“CRDS”) at a rate of 0.5% (Articles 1 600-0 L of the *Code Général des Impôts*);
- the social deduction at a rate of 2% (Article 1 600-0 F bis of the *Code Général des Impôts*), and;
- and the additional contribution to the social deduction at a rate of 0.3% (Act 2004-626 of 30 June 2004, Article 11).

These dividends are not entitled to the annual allowance of €1,220 (for single persons, widows, divorced persons or married persons with separate tax status) or €2,440 (for married couples or for partners registered for joint taxation) which is restricted to dividends on French shares.

(b) Legal person French shareholders

Dividends distributed by a Luxembourg company to a French shareholder, which is a legal person in France, are subject to corporate income tax in France under the conditions of ordinary law.

The dividends plus the tax credit related thereto is included in the result subject to corporate income tax at the ordinary rate of 33 1/3%, plus the additional contribution at a rate of 1.5% as stated in Article 235 ter ZA of the *Code Général des Impôts* and, where applicable, the social contribution of 3.3% as stated under Article 235 ter ZC of the *Code Général des Impôts* based on the amount of corporate income tax less an allowance of €763,000 per 12-month period. Companies with a turnover of less than €7,630,000 over the financial year, adjusted where applicable to twelve months, and whose fully-paid capital is held on a continuous basis in an amount of at least 75% by natural persons (or by companies which themselves satisfy all these conditions) are exempt from this contribution. In addition the corporate income tax rate applicable to these companies, subject to limit of €30,120 of the taxable profits per 12 month period, amounts to 15%.

If the company fulfils the conditions and opts for the parent company tax regime, as provided for under Articles 145 and 216 of the CGI, the dividends received are excluded from the taxable basis subject to the deduction of a proportion for fees and charges of 5% of the gross amount of said dividends (including tax credit).

8.1.5.2.2 Capital gains on the disposal of shares

(a) French natural person shareholders

Pursuant to the provisions of Article 150-0 A and 200 A-2 of the *Code Général des Impôts*, the capital gains on the disposal of shares realised by natural persons who are liable to income tax at the proportionate rate of 16% if the total amount of the disposals of securities and other rights or securities stated under Article 150-0 A of the *Code Général des Impôts* realised during the calendar year exceeds a threshold currently set at €15,000 per taxpayer.

The following social deductions of a total rate of 11% apply in addition to the 16%:

- the *contribution sociale généralisée* (“CSG”) at a rate of 8.2% (Article 1 600-0 E of the *Code Général des Impôts*);
- the *contribution pour le remboursement de la dette sociale* (“CRDS”) at a rate of 0.5% (Articles 1 600-0 L of the *Code Général des Impôts*);
- the social deduction at a rate of 2% (Article 1 600-0 F bis of the *Code Général des Impôts*), and;
- and the additional contribution to the social deduction at a rate of 0.3% (Act 2004-626 of 30 June 2004, Article 11).

Taking account of the aforementioned social deductions, the actual rate of taxation of the capital gains amounts to 27%.

In accordance with the provisions of Article 150-0 D-11° of the *Code Général des Impôts*, the capital losses on disposal recorded during the year are only liable in respect of the capital gains of the same nature realised during the same year or the ten following years.

(b) Legal person French shareholders

The capital gains or losses realised when the shares are sold are included in the result subject to corporate income tax at the ordinary rate of 33 1/3%, plus the additional contribution at a rate of 1.5% as stated in Article 235 ter ZA of the *Code Général des Impôts* and, where applicable, the social contribution of 3.3% as stated under Article 235 ter ZC of the *Code Général des Impôts*. Certain small and medium-sized enterprises may, under the conditions stated in Article 219-I-b of the *Code Général des Impôts*, benefit from a reduction in the corporate income tax rate to 15% on the fraction of their profit capped at €38,120 per 12-month period.

However, in accordance with the provisions of Article 219-I-a of the *Code Général des Impôts*, the capital gains on the disposal of shares held for over two years that are classified as participating investments are eligible for the arrangements pertaining to long-term capital gains. The capital gains realised on the disposal of participating investments are now liable to the reduced corporate income tax rate of 15%, plus the additional contribution at a rate of 1.5% and, where applicable, the social contribution on the profits at a rate of 3.3%

It should be noted that the *Loi de Finances Rectificative 2004* [Final Budget Act for 2004] provided for the gradual introduction of an exemption to capital gains relating to most participating investments.

For financial years commencing from 1 January 2006, the net value of long-term capital gains relating to most participating investments shall be taxed separately at a rate of 8% plus, where applicable, the aforementioned 3.3% social contribution. For financial years commencing from 1 January 2007, realised capital gains on the disposal of most participating investments shall be exempt, apart, however, from a proportion of the fees and charges equal to 5% of the net result of the capital gains on disposal.

Investors are recommended to consult their usual financial advisors in order to assess, where appropriate, the consequences of the new arrangements for the taxation of capital gains realised on the disposal of participating investments on their personal position.

8.1.5.2.3 Personal Equity Plans

The Company's shares are eligible in respect of assets that can be held as part of a personal equity plan.

During the term of the personal equity plan, dividends, realised capital gains and other income produced by investments in a personal equity plan are not subject to income tax or social contributions (CSG, CRDS, the 2% social deduction and the 0.3% additional contribution) provided they are reinvested in the personal equity plan.

On exit from the personal equity plan (as a result of withdrawal, repurchase, closure), the net gains are completely exempt from income tax if the term of the personal equity plan is at least five years. They are liable to income tax at a rate of 16% in the event of exit after two years and a rate of 22.5% in the event of exit before two years if the annual disposal threshold of €15,000 is exceeded.

The net gains remain liable to tax on withdrawal or on closure of the plan to the social deductions regardless of the term of the personal equity plan and the reasons for exit (withdrawal, repurchase, closure).

The deductions that apply based the term of the personal equity plan are summarised in the table below:

Term of the PEP	Income tax	CSG	CRDS	Social deduction	Additional contribution	TOTAL
<i>Less than 2 years</i>	22.5%	8.2%	0.5%	2%	0.3%	33.5%
<i>Between 2 and 5 years</i>	16%	8.2%	0.5%	2%	0.3%	27%
<i>More than 5 years</i>	0%	8.2%	0.5%	2%	0.3%	11%

8.1.5.2.4 *Impôt de solidarité sur la fortune* [Wealth Tax]

Shares held by natural persons are included in their taxable assets, are subject, where applicable, to Wealth Tax (Article 885-A of the *Code Général des Impôts*).

8.1.5.2.5 Inheritance and gift taxes

Shares acquired in the form of an inheritance or a gift are subject to inheritance and gift taxes in France (Article 750 ter of the *Code Général des Impôts*).

8.1.6 Resolutions and authorisations by virtue of which the new shares will be issued on exercise of the Redeemable Share Subscription Warrants

Refer to resolution and decision described in Section 4.1.11 of this prospectus.

8.1.7 Conditions for admission to trading

8.1.7.1 Quotation of new shares issued on exercise of the Redeemable Share Subscription Warrants

Periodic applications will be made to admit the new shares issued on exercise of the Redeemable Share Subscription Warrants to trading on the Euronext Paris S.A. Eurolist and on the main market of the Prague Stock Exchange a.s.

They shall be traded on the same line as the existing shares if they are fungible in accordance with Article 8.1.1 or traded initially on a second line if they are not fungible to them.

8.1.7.2 Quotation of the shares of the Orco Property Group

Listing market

The shares of the Orco Property Group are listed on Euronext Paris Eurolist.

Other markets and quotations

The shares of the Orco Property Group are also admitted for trading on the main market of the Prague Stock Exchange, a.s.

Volume of transactions and share price movements

MONTH	First	High	Low	Last	Volume
October	55.35 €	59.80 €	51.08 €	55.00 €	497,722
September	54.57 €	59.70 €	50.01 €	54.87 €	586,741
August	48.55 €	50.25 €	47.50 €	48.64 €	328,776
July	47.22 €	48.00 €	46.75 €	47.29 €	380,725
June	42.38 €	46.74 €	41.02 €	42.63 €	326,280
May	40.72 €	41.90 €	38.72 €	40.74 €	441,519

8.1.8 Restriction on the free trading of the shares

No clause contained in the Articles of Association restricts the free trading of the shares comprising the share capital.

8.1.9 French legislation on public offerings

8.1.9.1 Compulsory public offer

Article L.433-3 of the *Code Monétaire et Financier* and Articles 234-1 et seq. of the General Rules and Regulations of the *Autorité des Marchés Financiers* provides for the conditions for filing a public offer in respect of whole share capital of Orco Property Group.

8.1.9.2 Public offer of withdrawal and repurchase

Article L.433-4 of the *Code Monétaire et Financier* and Articles 237-1 et seq. of the General Rules and Regulations of the *Autorité des Marchés Financiers* provides for the conditions for filing a public offer of withdrawal combined with a compulsory withdrawal of the minority shareholders of Orco Property Group.

8.1.10 Recent takeover bids

No takeover bid was launched in respect of the capital of Orco Property Group during the last financial year or the current financial year.

8.1.11 Effects of the exercise of the Redeemable Share Subscription Warrants on the shareholder's position

By way of indication, assuming the exercise of all the Redeemable Share Subscription Warrants, the effect of the issue and the exercise shall be as follows:

1. Effect of the issue and the exercise of the Redeemable Share Subscription Warrants on a shareholder owning 1% of the capital of the Orco Property Group prior to the issue, calculated on the basis of the number of shares comprising the capital at the Date of the last capital statement:

	Shareholder's stake
Before issue of the Bonds with Redeemable Share Subscription Warrants	1%
After exercise of 1,099,095 Redeemable Share Subscription Warrants	0.86%

2. Effect of the issue and the exercise of the Redeemable Share Subscription Warrants on the share of the equity capital for a shareholder owning one share in the Orco Property Group prior to the issue, calculated on the basis of the consolidated equity capital at the date of the last capital statement and the number of shares comprising the share capital at the [Date of the last capital statement].

	Share of equity capital
Before issue of the Bonds with Redeemable Share	24.63€

Subscription Warrants	
After exercise of 1,099,095 Redeemable Share Subscription Warrants	30.77€

Based on the terms of the Issue, this transaction should not have a significant effect on the market value of the share.

3. Effect of the exercise of all the Redeemable Share Subscription Warrants on the stakes of the key shareholders, based on the percentage of Redeemable Share Subscription Warrants bought:

	Before this Bonds with Redeemable Share Subscription Warrants Issue	After exercise of the Redeemable Share Subscription Warrants attached to the Bonds with Redeemable Share Subscription Warrants
Orco Holding	17.84%	15.35%
Bernard Gauthier	6.92%	5.95%
Lux G-I S.A.	3.29%	2.83%
Jardenne Corporation Sàrl	2.84%	2.45%

4. Effect of the exercise of all the Redeemable Share Subscription Warrants on the market value of the Orco Property Group share at 10 November 2005

Number of Orco Property Group shares: 6,781,578

Average value of the Orco Property Group share over the twenty last stock exchange sessions (closing price): 54.37 €.

Orco Property Group market capitalisation before capital increase: 368,714,395.86 €.

Total number of Redeemable Share Subscription Warrants: 1,099,095

Exercise price of the Redeemable Share Subscription Warrants: 68.61 €

Amount of capital increase arising from the exercise of all the Redeemable Share Subscription Warrants: 75,408,907,95] €.

Market value of Orco Property Group after capital increase arising from the exercise of all the Redeemable Share Subscription Warrants: 444,123,303.81] €.

Equal to a value per share after capital increase arising from the exercise of all the Redeemable Share Subscription Warrants of 56.36 €.