



*Société anonyme* (joint stock company)

Registered Office: 48, boulevard Grande-Duchesse Charlotte L-1330, Luxembourg

Registration number Luxembourg B 44996

### SUMMARY

Issue of a convertible Bond in a nominal amount of € 199 999 950 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 “Autorité des marchés financiers” (AMF) a certificate of approval declaring that the Prospectus has been drawn up in accordance with the Prospectus Directive.

May 17<sup>th</sup> 2006

This Summary together with the Registration Document dated 14 November 2005 and the Securities Note dated 17 May 2006 constitute a Prospectus for the purposes of the Directive 2003/71/EC

Copies of the Registration Document, the Summary and this Securities Note are available free of charge from:

- Orco Property Group, registered at 48, boulevard Grande-Duchesse Charlotte, L-1330, Luxembourg  
Telephone number: 00 352 26 47 671  
Email: [llei@orcogroup.com](mailto:llei@orcogroup.com)  
Email: [bfritsch@orcogroup.com](mailto:bfritsch@orcogroup.com)

The documents can also be viewed on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)) and Orco Property Group website ([www.orcogroup.com](http://www.orcogroup.com)).

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## **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 CONVERTIBLE BONDS AND PROVISIONAL TIMETABLE**

#### *Context*

Orco Property Group wishes to increase its portfolio of properties. The purpose of this issue is first to finance certain ongoing projects and external growth. And second to refinance part of the bank loans.

#### *Key aspects of the issue of Convertible Bonds*

|  |  |
|--|--|
| Issue                                    | Orco Property Group  |
| Share capital                            | € 31.624.247,1.- divided into 7.713.231 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 Convertible Bonds to be issued | <b>1 379 310</b>   |
| Nominal value of bonds                   | <b>€199 999 950</b>  |
| Issue price of Bonds/denomination        | <b>At 100 % corresponding to an amount of 145 EUR</b>  |
| Issue date                               | <b>1<sup>st</sup> June 2006</b>  |
| Term of the loan                         | 7 years  |
| Gross Yearly coupon                      | 1% paid on 1 <sup>st</sup> of June and on 1 <sup>st</sup> of June 2007 for the first coupon  |
| Bondholder conversion rights             | From the 1 <sup>st</sup> of June 2006 until the 15 of May 2013, ie 15 days before expiry date of the issue   |
| Strike Price                             | Issue price  |
| Exchange parity of the Convertible bonds | 1 bond carries entitlement to 1 new share  |
| Normal redemption                        | The non converted bonds shall be redeemed after 7 years at 138,62% corresponding to an IRR of 5,65 %   |
| Early redemption at the issuer's option  | From the 1 <sup>st</sup> of July 2008, i.e. the first day of the 26 <sup>th</sup> month following the issue date if the Orco Property Group share price exceeds 130 % of the issue price during 30 consecutive days after the 1 <sup>st</sup> of June 2008. After notification, the bondholders which did not convert within 30 days will, on top of the par and accrued interest, receive a reimbursement premium equivalent to a 5,65 % IRR. |

#### *Timetable*

- 15 May 2006: Meeting of the Board of Directors to set the terms of the Issue.
- 17 May 2006: Approval of the Prospectus by the Commission de Surveillance du Secteur Financier (the “CSSF”)
- 17 May 2006: Notification of certificate of approval by the CSSF to the Autorité des Marchés Financiers (“AMF”)
- 17 - 26 May 2006: Investors subscribe to Convertible Bonds
- 29 May 2006: Greenshoe exercise final date.
- 1<sup>st</sup> June 2006: Settlement against delivery and first day of trading of the convertible bond on Euronext Paris.

## **B. TERMS OF THE ISSUE OF CONVERTIBLE BONDS**

### *Restriction*

There are no restrictions to the free trading of the Convertible Bonds.

## **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 Property Group still intends to concentrate on these markets and to seize investment opportunities that may arise.

However, historically Orco Property Group 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 2004 and 2005, the Group has made its first investments in Croatia and Germany while continuing the development of its activities in the historical countries.

#### 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 Germany, Hungary and Poland.
  - 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 30 March 2006, Orco Property Group announced its yearly results. The key figures are shown below

| in thousands of euros                       | 31 December<br>2004 | 31 December<br>2005 |
|---|---------------------|---------------------|
| Turnover                                    | 70,670              | 50,348              |
| Operating profit                            | 30,829              | 76,888              |
| Profit on ordinary operations<br>before tax | 27,000              | 72,337              |
| Net profit after minority interests         | 18,789              | 56,272              |
| Equity capital                              | 108,855             | 293,799             |
| Gross borrowings                            | 116,824             | 303,124             |
| Cash  | 15,742              | 49,089              |
| Balance sheet total                         | 308,958             | 693,451             |

#### **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 convertible bonds 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 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

Mr. Jean-François Ott,  
Mr. Remy Allemane,  
Mr. Arnaud Bricout,  
Mr. Pierre Cornet,  
Mr. Patrick Ganansia,  
Mr. Bernard Gauthier,  
Mr. Luc Leroi,  
Mr. Silvano Pedretti,  
Mr. Nicolas Tommasini,  
Mr. Guy Wallier,  
Orco Holding, represented by Mr. Luc Leroi.

##### Managing Director - Chief Executive Officer

Jean-François Ott.

##### *Executive Committee*

Chairman & CEO: Mr. Jean-François Ott,  
Senior Vice President Mr. Steven Davis,  
Senior Vice President Mr. Ales Vobruba,  
Vice President Mr. Nicolas Tommasini,  
Vice President Mr. Arnaud Bricout,  
Mr Pavel Klimes,  
Mr Andy Smith,  
Mr Dragan Lazukic,  
Mrs Karen Hartely,  
Mr Micheal Vostatek  
Mr Luc Leroi,  
Mr Martin Gebauer,  
Mr Rainer Bormann

##### *Statutory auditors*

- HRT Révision S.à r.l. having its registered office at 23 Val Fleuri, L-1516 Luxembourg, registered number Luxembourg B 51238 represented by Mr Dominique Ransquin,
- PricewaterhouseCoopers S.à r.l., having its registered office at 400, route d'Esch, L-1014 Luxembourg, registered number Luxembourg B 65477 represented by Mrs. Anne-Sophie Preud'homme.

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

To the best of the Company's knowledge, the breakdown of capital of the Company as at December 2005, is as follows:

| <b>Shareholders</b>       | <b>Number of shares</b> | <b>% of capital</b> | <b>% of voting rights</b> |
|---------------------------|-------------------------|---------------------|---------------------------|
| ORCO Holding              | 1 122 943               | 16,53%              | 16,53%                    |
| Bernard Gauthier          | 469 230                 | 6,91%               | 6,91%                     |
| Jardenne Corporation SàRL | 192 848                 | 2,84%               | 2,84%                     |
| Public                    | 5 007 557               | 73,72%              | 73,72%                    |
| <b>Total</b>              | <b>6,792,578</b>        | <b>100.0%</b>       | <b>100.0%</b>             |