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*A public limited liability company (société anonyme)*

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

## **SUMMARY OF INDICATIVE TERM SHEET DATED SEPTEMBER 21, 2009**

### **ORCO PROPERTY GROUP FINANCIAL RESTRUCTURING**

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#### *1. Context*

Orco Property Group, a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg ("**Luxembourg**"), having its registered office at 40, Parc d'Activités Capellen, L-8308 Capellen and registered with the Luxembourg companies and trade register under number B.44.996 ("**Orco**", "**OPG**", the "**Company**" or the "**Issuer**") has decided to accelerate its strategic and financial restructuring plan with the benefit from Safeguard Court Protection (judgment rendered by the Paris Commercial Court on March 25, 2009). Indeed, in the prevailing tough real estate market and credit conditions, the Group has to face a slowdown in its divestment plan for certain property assets, due to the current market situation, difficulties in obtaining the repayment of shareholder loans granted to some subsidiaries and payments to banks to extend the maturity of certain credits which mature during 2009. The management has been mandated by the board of directors to open discussions with the Group's creditors and potential investors in order to improve its balance sheet. A prospectus (the "**Prospectus**") will be prepared in relation with certain transactions contemplated in this Term Sheet in due course and in compliance with applicable securities law requirements.

#### *2. Summarized terms and conditions of the Colony Warrants*

On April 29, 2009, Orco Property Group and Colony Capital entered into exclusive negotiations on a reserved Share capital increase. On June 22, 2009, Orco Property Group and Colony Capital concluded that it was necessary for the management of OPG to implement and finalize the restructuring of the bond debt. Based on the terms of the amendment signed on June 22 and for a period up to November 30, CoLOG, a company controlled by funds advised by Colony

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Capital, would be granted short term warrants (the “**Colony Warrants**”). These Colony Warrants would be subject to the approval of the Extraordinary Shareholders Meeting and to the success of the Bond restructuring undertaken as part of the Safeguard Court Protection.

<b>COLONY WARRANTS</b>	
Number of Colony Warrants to be issued	11,428,571 (the proceeds resulting from the exercise of the Colony Warrants shall not exceed €80 million).
Exercise Price of the Colony Warrants	€7.00 to be paid in cash.
Exercise Ratio of the Colony Warrants	Each Colony Warrant shall entitle ColOG to subscribe to 1 Share at €7.00.
Exercise Period of the Colony Warrants	The Colony Warrants may be exercised at any time from and including their issue date (which is expected to be on or around November 20, 2009) until the thirtieth day following their issue date. Any unexercised Colony Warrants will expire without compensation.
Maximum equity stake	ColOG’s equity stake in OPG not to exceed 30%.
Transferability - Restrictions	The Colony Warrants may neither be transferred nor traded.

*3. Summarized terms and conditions of the Shareholders Warrants*

All OPG Shareholders will also be granted free short term warrants (the “**Shareholders Warrants**”) with a €7 exercise price and with a ratio of one new Share for one Shareholder Warrant.

<b>SHAREHOLDERS WARRANTS</b>	
Allocation	All OPG Shareholders on the Record Date will be granted free warrants. The “ <b>Record Date</b> ” shall be the business day immediately prior to the Issue Date (as defined below).
Number of Shareholders Warrants to be issued	One Shareholders Warrant will be granted for each Share existing prior to the Issue Date. As of September 21, 2009, there are 10,943,866 Shares (on that basis, the proceeds resulting from the exercise of the Shareholders Warrants shall not exceed €76.6 million).
Exercise Price of the Shareholders Warrants	€7.00 to be paid in cash.
Exercise Ratio of the Shareholders Warrants	Each Shareholders Warrant shall entitle its holder to subscribe to 1 Share at €7.00.
Exercise Period of the Shareholders Warrants	The Shareholders Warrants may be exercised at any time from and including their issue date (which is expected to be on or around November 20, 2009) until the thirtieth day following their issue date. Any unexercised Shareholders Warrants will expire without compensation.
Transferability - Restrictions	The Shareholders Warrants may neither be transferred nor traded.

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

<b>BONDS RESTRUCTURING</b>	
Shares	The ordinary shares issued or to be issued by OPG and registered under ISIN code: LU0122624777.
Bonds	The bonds issued by OPG and registered under ISIN code: FR0010249599 (the « <b>Bonds 2010</b> »), the convertible bonds issued by OPG under ISIN code: FR0010333302 (the « <b>Convertible Bonds</b> »), the bonds issued by OPG and registered under ISIN code: XS0291838992 (the « <b>Bonds 2014</b> »), the bonds exchangeable into HVAR shares issued by OPG and

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	registered under ISIN code: XS0223586420 (the « <b>Exchangeable Bonds</b> »), the floating rate bonds issued by OPG and registered under ISIN code: CZ0000000195 (the « <b>Floating Rate Bonds</b> »), (each a “ <b>Category of Bonds</b> ”, together the “ <b>Bonds</b> ”).
Warrants 2014	The warrants issued by OPG and registered under ISIN code: XS0290764728.
Aggregate principal amount of the outstanding Bonds	As of September 21, 2009, €411,401,526.54.
Terms of the Bonds restructuring	<p>In exchange for the Bonds (which upon exchange will be cancelled), the Company shall deliver new convertible bonds (the “<b>New Convertible Bonds</b>”), new Shares (the “<b>New Shares</b>”) and new warrants (the “<b>New Warrants</b>”) to the Bondholders as follows:</p> <ul style="list-style-type: none"> <li>○ New Convertible Bonds shall be issued up to an aggregate principal amount of €149,993,831.00 ;</li> <li>○ up to 11,414,376 New Shares shall be issued (increased by such number of New Shares as may need to be issued upon conversion of the New Convertible Bonds as required to achieve the rounding mechanics stated under “<i>Terms of the Bonds restructuring</i>”) ;</li> <li>○ up to 11,414,376 New Warrants shall be issued.</li> </ul> <p>The exchange ratios (each an “<b>Exchange Ratio</b>”) shall therefore be the following:</p> <ul style="list-style-type: none"> <li>● Each holder of Bonds 2010 will be entitled to receive, in lieu of 1 Bond 2010, 19.24 New Convertible Bonds, 19.04 New Shares and 19.04 New Warrants ;</li> <li>● Each holder of Exchangeable Bonds will be entitled to receive, in lieu of 1 Exchangeable Bond, 0.73 New Convertible Bonds, 0.72 New Shares and 0.72 New Warrants ;</li> <li>● Each holder of Convertible Bonds will be entitled to receive, in lieu of 1 Convertible Bond, 3.87 New Convertible Bonds, 3.83 New Shares and 3.83 New Warrants ;</li> <li>● Each holder of Bonds 2014 will be entitled to receive, in lieu of 1 Bond 2014, 41.06 New Convertible Bonds, 40.62 New Shares and 40.62 New Warrants ;</li> <li>● Each holder of Floating Rate Bonds will be entitled to receive, in lieu of 1 Floating Rate Bond, 11,180.20 New Convertible Bonds, 11,060.43 New Shares and 11,060.43 New Warrants.</li> </ul> <p>The Bonds shall be compulsorily converted on an aggregate and a category by category basis into New Shares, New Bonds and New Warrants. The New Shares, New Bonds and New Warrants thus created shall then be delivered to the Bondholders by application of the relevant Exchange Ratios. If any of the numbers of New Shares, of New Convertible Bonds and/or of New Warrants, which are calculated by multiplying the relevant exchange ratio by the number of Bonds of each Category of Bonds presented, is not a whole number, a holder of Bonds shall receive, in a first stage, the nearest whole number of New Shares, New Convertible Bonds and New Warrants immediately less than its entitlement. Any fractions of New Warrants shall be cancelled. In a second stage, the New Convertible Bonds which could not be allocated to the holders of the Bonds during the first stage due to rounding issues shall be converted into additional New Shares in order to satisfy such roundings (as below described) and otherwise cancelled for balance resulting from such second conversion. The additional New Shares resulting from such second round of conversion, together with those New Shares having been issued pursuant to the initial conversion of the Bonds and which could not be allocated due to roundings, will form the “<b>Available New Shares</b>”. The holders of the Bonds which were initially entitled to fractions of New Shares and/or fractions of New Convertible Bonds will then receive, within the limits of the Available New Shares, a number of</p>

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	<p>New Shares equal as much as possible to the nearest whole number of New Shares immediately less than their respective entitlement with regard to the value of such additional fraction of a New Share and a New Convertible Bond calculated on the basis of the principal amount of the New Convertible Bond and of €7.00 as the reference value for each New Share.</p> <p>The exchange process as well as that of the cancellation of the Bonds will be further detailed in the Prospectus.</p> <p>Holder of units registered under ISIN code XS0291840626 (the “Units”) will be treated as owners of Bonds 2014 and will be returned the Warrants 2014 previously attached to their Bonds 2014 under the Units.</p>
Issue Date	The New Convertible Bonds, the New Shares and the New Warrants will be issued on or around November 20, 2009 (“the <b>Issue Date</b> ”).
<b>NEW CONVERTIBLE BONDS</b>	
Aggregate principal amount of the New Convertible Bonds issue	Up to €149,993,831.00.
Maturity of the New Convertible Bonds	The New Convertible Bonds will mature on November 20, 2016 (the “ <b>Maturity Date</b> ”).
Redemption Amount of the New Convertible Bonds	Unless previously redeemed, converted or repurchased and cancelled, the New Convertible Bonds will be redeemed on their Maturity Date at their outstanding principal amount together with accrued interests (the “ <b>Redemption Amount</b> ”).
Conversion rights of the New Convertible Bonds	From their Issue Date until November 5, 2016 (i.e. 15 days before the Maturity Date).
Conversion Ratio of the New Convertible Bonds	<p>Each New Convertible Bond carries entitlement to one (1) existing or new Share (the “<b>Conversion Ratio</b>”).</p> <p>The Conversion Ratio will be subject to subsequent adjustments to be further defined (and described in the Prospectus) in order to maintain the rights of the holders of New Convertible Bonds upon occurrence of any of the following events or transactions: (i) issue of securities carrying a preferential subscription rights to Shareholders, (ii) increase in share capital by capitalisation of reserves, profits or share premia, and by distribution of bonus shares, or the subdivision or consolidation of Shares, (iii) in the event that a nominal value is assigned to the Share, an increase in share capital of the Issuer, without issuing Shares, by capitalisation of reserves, profits or share premia by increasing the nominal value of the Shares, (iv) distribution of reserves in cash or in kind or a share premium, (v) allotment of bonus financial instruments other than Shares, (vi) merger, spin-off or division of the Issuer, (vii) buy back of own Shares at a price that is higher than the Share price, (viii) amortisation in share capital of the Issuer and (ix) modification of the Issuer’s allocation of its profits. No adjustment will be made as a result of the transactions described in this Term Sheet.</p>
Early redemption at the option of the holders of New Convertible Bonds exercising Warrants 2014 and prepayment of the New Convertible Bonds by way of setoff against the amount due by them to the Company as a result of the Shares subscription by exercise of the Warrants 2014	The holders of Warrants 2014 may pay for their subscription by the sale to the Company of New Convertible Bonds at their principal amount.
Early redemption at the option of the Issuer	On giving notice (which notice shall be irrevocable) to the holders of New Convertible Bonds, the Issuer may at any time on or after January 1, 2010 up to November 5, 2016 early redeem all or part of the outstanding New Convertible Bonds at a price equal to the principal amount together with

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	<p>accrued interests per New Convertible Bond, provided that the Parity Value (as defined below) on each of not less than 20 dealing days during the period of 30 consecutive dealing days prior to the date on which the relevant notice of redemption is given to the holders of New Convertible Bonds exceeds €19.50 (i.e. 150% of the principal amount of the New Convertible Bonds). “<b>Parity Value</b>” means, in respect of any dealing day, the amount calculated as follows: <math>PV = CR \times CP</math>, where “PV” is the Parity Value, “CR” is the Conversion Ratio and “CP” is the closing Share price on Euronext Paris on such dealing day.</p> <p>The early redemption at the option of the Issuer shall be further defined and described in the Prospectus.</p>
Form and Denomination of the New Convertible Bonds	The New Convertible Bonds are issued in registered form in denominations of €13.00.
Status of the New Convertible Bonds	The New Convertible Bonds constitute direct, unsubordinated and unsecured obligations of Orco and shall rank <i>pari passu</i> with all present and future unsecured and unsubordinated obligations of the Company, except for obligations given priority by law.
Negative Pledge	Until the actual redemption or conversion of all the New Convertible Bonds, the Company undertakes not to grant any mortgage over real property assets and rights it may or may come to possess, nor any pledge over all or part of the assets or revenues it may or may come to possess, in each case for the benefit of holders of other bonds issued by the Company without granting similar security to the holders of the New Convertible Bonds and ensuring that the New Convertible Bonds rank similarly. This undertaking is given exclusively in relation to bond indebtedness and does not affect in any way the right of the Company to dispose of its assets or to grant any security in respect of such assets in any other circumstances.
Interest	Interest will be paid annually in arrears on November 20 of each year (each an “ <b>Interest Payment Date</b> ”) and for the first time on November 20, 2010. Interest will be paid in cash at the rate of 5.0 per cent per annum. Interest will accrue on the outstanding principal amount of the New Convertible Bonds.
Cross Default	The terms and conditions of the New Convertible Bonds shall contain a cross default provision in relation to the Company and its principal subsidiaries (exception made with respect of any restructuring (whether contractual or not such as within the ambit of collective proceedings) of the current indebtedness of Orco Germany, a public limited liability company, incorporated under the laws of Luxembourg, having its registered office at 40, Parc d’Activités Capellen, L-8308 Capellen and registered with the Luxembourg companies and trade register under number B.102.254) in respect of indebtedness for borrowed money exceeding €15,000,000 or its equivalent in any other currency or currencies.
Other Events of Default	The New Convertible Bonds are subject to certain other customary events of default (to be set out in the Prospectus substantially in line with the events of defaults applicable on the Bonds 2014). If the New Convertible Bonds become due and payable following an Event of Default, the New Convertible Bonds will be redeemable at their Redemption Price together with accrued interest.
Undertaking	Until the actual redemption or conversion of all the New Convertible Bonds, the Issuer undertakes neither to pay any dividend granting Shareholders with a dividend yield greater than 3% nor to buy-back more than 2% of its Shares, on a yearly basis.
Transferability of the New Convertible Bonds	The New Convertible Bonds may be transferred and traded from the Issue Date.
<b>NEW SHARES</b>	
Number of New Shares	Up to 11,414,376 shall be issued (increased by such number of New Shares as may need to be issued upon conversion of the Bonds as required to

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	achieve the rounding mechanics stated under " <i>Terms of the Bonds restructuring</i> ").
Lock-up applicable on the New Shares	The New Shares shall be subject to a lock-up period of 3 months from their Issue Date. Appropriate measures and penalties shall be implemented in accordance with the relevant clearing systems rules to monitor compliance with such lock-up.
Fungibility of the New Shares	The New Shares shall be fully fungible with the existing Shares of the Company.
Type and category of the New Shares	The New Shares will be subject to the provisions of the articles of incorporation of the Company and will carry beneficial rights from their date of issuance. They shall carry the right in respect of the financial year started on January 1, 2009 and subsequent financial years, to the same dividend (equal by reference to their accounting par value) as that which may be paid in relation to the other Shares carrying the same beneficial rights. They shall therefore rank <i>pari passu</i> with such other Shares.
Form and method of delivery of the New Shares	Shareholders may freely sell or transfer Shares at any time in accordance with the articles of incorporation of the Company. The New Shares shall be issued to Euroclear France in the form of bearer shares globally held through Euroclear France on behalf of its participants. These participants are authorised financial intermediaries such as banks, investment services providers or professional securities depositaries and will credit the Shareholder's account opened in their books with the amount of Shares indirectly held by each Shareholder through Euroclear France. The transfer of Shares shall be operated by means of an entry in an account, in accordance with the internal rules of Euroclear France.
<b>NEW WARRANTS</b>	
Form of the New Warrants	The New Warrants shall be issued in registered form.
Number of New Warrants to be issued	Up to 11,414,376 New Warrants shall be issued.
Exercise Price of the New Warrants	€7.00 to be paid in cash.
Exercise Ratio of the New Warrants	Each New Warrant shall entitle its holder to subscribe to 1 Share at €7.00.
Exercise Period of the New Warrants	The New Warrants may be exercised at any time from and including the Issue Date until the thirtieth day following their Issue date.
Transferability - Restrictions	The New Warrants may neither be transferred nor traded. Any unexercised New Warrants will expire without compensation.
<b>LISTING AND APPLICABLE LAW</b>	
Admission to trading of the New Convertible Bonds and the New Shares	Application will be made for listing and trading of the New Convertible Bonds on Euronext Paris which is a regulated market. Application will be made for listing and trading of the New Shares on Euronext Paris, the main market of the Warsaw Stock Exchange, the main market of the Prague Stock Exchange and the regulated market of the Budapest Stock Exchange.
Applicable law	The terms and conditions of the Colony Warrants, Shareholders Warrants, New Warrants, New Shares and New Convertible Bonds are governed by Luxembourg law.
Competent courts	The competent courts in the event of disputes shall be the ones under whose jurisdiction the registered office of the Company falls without prejudice to the latter's right to take action before any other competent court under Luxembourg law.



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

On 15 September 2009, Orco held a general meeting (the “**2009 Warrantholders Meeting**”) of holders of the Warrants 2014 which approved the amendment of the terms and conditions of the Warrants 2014.

*6. Management incentive package*

In the spirit of the strong involvement of the management in the operational and financial restructuring of the Company, it is intended to incentivize the key management by granting them warrants (the “**Managers Warrants**”) giving access to up to 6 million Shares (representing approx. 7.5% of the total maximum number of Shares as described in section 7.).

<b>Managers Warrants</b>	
Allocation	The management, upon decision of the board of directors of the Company, will be granted free Managers Warrants.
Number of Managers Warrants to be issued	6,000,000 Managers Warrants will be issued on the Issue Date.
Exercise Prices of the Managers Warrants	Three categories of Managers Warrants shall be issued: <ul style="list-style-type: none"><li>• 2,000,000 Managers Warrants A have an exercise price of €10.00 to be paid in cash,</li><li>• 2,000,000 Managers Warrants B have an exercise price of €13.00 to be paid in cash,</li><li>• 2,000,000 Managers Warrants C have an exercise price of €19.50 to be paid in cash.</li></ul>
Exercise Ratio of the Managers Warrants	Each Managers Warrant shall entitle its holder to subscribe to 1 Share at the relevant Exercise Price of the Managers Warrants.
Exercise Period of the Managers Warrants	The Managers Warrants may be exercised at any time from the Issue Date until November 20, 2016. Any unexercised Managers Warrants will expire without compensation.
Transferability	The Managers Warrants are freely transferable from their Issue Date.

*7. Maximum number of Shares*

Please refer to the detailed dilution table which is available on the Company’s website ([www.orcogroup.com](http://www.orcogroup.com)).