ORCO GERMANY S.A.

(incorporated as a société anonyme (Joint Stock Company) under the laws of the Grand Duchy of Luxembourg; registered with the Luxembourg Registre de Commerce et des Sociétés under number B102254)

Admission to listing and trading of the Shares on the main market (*Geregelter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to the sub-segment thereof with additional obligations arising from admission (Prime Standard) of 48,771,333 Shares

---

38,171,333 of the 48,771,333 ordinary Shares of the Company (the "Shares") are currently listed on the Open Market of Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

The Company intends to apply for the Shares representing its entire current capital to be admitted to listing and trading on the main market (Geregelter Markt) and admission to the sub-segment thereof with additional obligations arising from admission (Prime Standard) of the Frankfurt Stock Exchange (the "Frankfurt Stock Exchange"). The Company expects trading of the Shares on the Frankfurt Stock Exchange on or about 31 October 2007 and 01 November 2007, respectively. The Company does not issue any additional Share and this Securities Notes does not constitute an offer for new shares.

This Securities Note has been prepared for the admission to listing and trading of the Shares main market (Geregelter Markt) and admission to the sub-segment thereof with additional obligations arising from admission (Prime Standard) of the Frankfurt Stock Exchange main market (Geregelter Markt) and admission to the sub-segment thereof with additional obligations arising from admission (Prime Standard) of the Frankfurt Stock Exchange , which is a regulated market for the purpose of the Market and Financial Instruments Directive (Directive 2004/39/EC). This Securities Note constitutes a Securities Note for the purposes of Directive 2003/71/EC (the "Securities note Directive") and has been approved by the Commission de Surveillance du Secteur Financier in Luxembourg ("CSSF"), which is the competent authority in Luxembourg for the purpose of the Securities note Directive for the purposes of the admission to trading of the Shares on the stock exchange referred to above. This Securities Note has been prepared in accordance with Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended. In accordance with the European passport mechanism set out in the Securities note Directive, a notice of approval of this Securities Note will be provided by the CSSF to the German Financial Supervision Commission (Bundesanstalt für Finanzdienstleistungsaufsicht – BAFin), in connection with the application for admission to listing and trading of the Shares on the main market of the Frankfurt Stock Exchange and admission to the sub-segment thereof with additional obligations arising from admission (Prime Standard).

The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and subject to certain exceptions, may not be offered or sold within the United States but solely outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S").

This Securities Note will be published on the website of the Company (www.orcogroup.com) and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Securities Note does not constitute an offer to sell, or the solicitation of any offer to buy, Shares in any jurisdiction where such offer or solicitation is unlawful.

The Securities Note, the Summary and the Registration Document should be read and construed together and constitutes a Prospectus for the purposes of art 5.3 of the Prospectus Directive.

Securities Note dated 31 October 2007

TABLE OF CONTENTS

1. PERSONS RESPONSIBLE FOR THE SECURITIES NOTE	3
1.1. PERSONS RESPONSIBLE FOR THE SECURITIES NOTE	3
1.2. DECLARATION BY THE PERSONS RESPONSIBLE FOR THE SECURITIES NOTE	3
2. RISK FACTORS	4
3. GENERAL INFORMATION	14
3.1. NET WORKING CAPITAL	14
3.2. CAPITALISATION AND INDEBTEDNESS	14
3.3. SUBJECT OF THE SECURITIES NOTE	15
4. INFORMATION ON THE SHARES	16
5. CONDITION OF THE OFFER	28
6. ADMISSION TO THE NEGOCIATION ON THE GEREGELTER MARKT	29

1. PERSONS RESPONSIBLE FOR THE SECURITIES NOTE

1.1. Persons responsible for the Securities Note

- Mr. Rainer Bormann, born on 28 November 1971
With professional address at Kurfürstendamm 103 – 104, D-10711 Berlin, Germany
Tel: +49-30-440 123-0
Fax: +49-30-440 123 -299

- Mr. Luc Leroi, born on 26 October 1965
Residing at Clairefontaine 13 A, L-8460 Eischen
Tel: +352-26-47 67-1
Fax: +352-26-47 67-67

1.2. Declaration by the persons responsible for the Securities Note

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

Executed in Luxembourg, October 31, 2007

Mr Rainer Bormann — Mr Luc Leroi

Director — Director

2. RISK FACTORS

Prospective investors should carefully review and consider the following risk factors and the other information contained in this Securities note prior to making any investment decision with respect to the Shares. The occurrence of one or more of these risks alone or in combination with other circumstances may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The risks set out below are not complete or exhaustive and therefore may not be the only risks the Group is exposed to. The order in which the risks are presented below does not reflect the likelihood of their occurrence or the magnitude or significance of the individual risks. Additional risks and uncertainties of which the Group is not currently aware or which it does not consider significant at present could likewise have a material adverse effect on the Group's business, financial condition, results of operations or prospects. The market price of the Shares could fall if any of these risks were to materialize, in which case investors could lose all or part of their investment.

Investors should only purchase Shares for inclusion in a broadly diversified portfolio. Those investors who have any reservations regarding the content of this Securities note should contact their stockbroker, bank, lawyer, tax adviser or financial adviser. The information in this Securities note is not equivalent to the professional advice from the persons mentioned above.

Risks related to the Group's business — General

The Group faces a number of general risks related to the real estate industry.

The Group is exposed to all of the risks inherent in the business of acquiring, developing, owning, managing and using real estate. These risks include, in particular, the following:

- cyclical fluctuations in the property market generally and in the national and local markets where properties are located;
- sales risks;
- property abuse risks (including terrorism);
- construction delays and construction budget overruns;
- opposition from civic and environmental groups; and
- natural disasters.

The Group takes precautionary measures to protect its business activities from the negative impact of the above risks and other risks related to the real estate industry in general, especially those to which the Group's developments are more susceptible, through contractual provisions and, as far as possible, through insurance coverage. However, it is not possible to completely overcome all of these risks. If, despite all of the precautions taken, any of these risks materialise, the result could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Group will continue to depend on its ability to identify profitable development and investment projects.

The Group's business model depends on its continuing ability to develop and/or acquire commercial and residential properties in Germany with the potential for capital growth and/or investment returns. Competition for such properties is intense at present, and the Group expects competition to further intensify in the markets in which it operates. As a result, the Group may not be able to find suitable properties, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Even if the Group is able to develop projects and acquire property portfolios compatible with its strategy, such developments and acquisitions could prove unsuccessful. The assumptions the Group makes when developing and acquiring its property portfolio may prove partly or entirely inaccurate. Inaccurate assumptions could adversely affect the Group's business, financial condition, results of operations or prospects.

The Group's properties may be subject to increases in operating and other expenses.

The Group's business, results of operations, financial condition and prospects could be materially adversely affected if operating and other expenses increase without a corresponding increase in revenues.

Factors which could increase operating and other costs include, among others:

- changes in statutory laws, regulations or government policies (including increases in property taxes and other statutory charges), which increase the cost of compliance with such laws, regulations or policies;
- increases in insurance premiums; and
- defects affecting the properties which need to be rectified, leading to unforeseen capital expenditure.

The Group is exposed to the risk of increases in construction costs.

The Group relies on subcontractors for the construction of its buildings. The Group recognises that, for several years, there has been a trend of increasing construction costs. This trend could be heightened by stricter regulation relating to environmental protection. The Group is subject to the risk of being unable to pass along the increase in construction costs in the form of higher sale prices.

The Group may be unable to effectively manage its expansion and the consequences of its rapid growth.

The Group has experienced rapid growth in its headcount and operations, which has placed significant demands on its management and operational and financial infrastructure. As the Group continues to increase its headcount and operations, it will need to ensure that its planning and management processes in conducting its business are effective. The Group will also need to continue to improve its financial and managerial controls and reporting systems and controls. In addition, the Group will need to expand, train and manage its work force, in particular its financial personnel with experience in the application and interpretation of IFRS. There can be no assurance that the Group's internal systems, due diligence procedures and monitoring measures will be adequate to support the rapid expansion of its business. Any inability of the Group to manage effectively its rapid growth, or to obtain the necessary resources required to administer and support such growth, could have a material adverse effect on its business, financial condition, results of operations or prospects.

Internal controls may prove difficult to implement, which may adversely impact the Group's ability to prepare accurate financial information.

The Group operates on a decentralised basis with a large number of legal entities operating independently of one another. As a result, the implementation of reliable, standardised procedures throughout the Group's operations may take longer than in other companies or in other sectors. If the Group is unable to implement reliable, standardised internal control procedures in a timely manner, the Group may not be able to prevent or detect a material misstatement of its annual or interim IFRS financial statements, and the process of preparing its annual or interim IFRS financial statements may be subject to delays.

Competition for the acquisition of assets from buyers that have lower costs of capital or lower return expectations than the ones of the Group could limit our ability to compete for strategic acquisitions and therefore to grow our business effectively.

Several foreign and domestic competitors, in particular financial investors, have similar asset acquisition objectives as we do, along with greater financial resources and lower costs of capital than we may be able to obtain. This may increase competition for acquisitions that would be suitable to us, making it more difficult for us to compete and successfully implement our growth strategy. Intensified competition for acquisitions could result in increasing purchase prices. There is significant competition among potential acquirers in the German residential real estate industry, and there can be no assurance that we will be able to implement successfully our growth strategy or to complete acquisitions, which could limit our ability to grow our business effectively.

No assurance can be given that the Group will be able to compete successfully in the future. If the Group fails to compete effectively or, if increased competition leads to lower revenues and lower profit margins for the Group, the Group's business, financial condition, results of operations or prospects may be adversely affected.

The Group may be exposed to oversupply in its key markets.

The real estate market in Germany has experienced significant growth in recent years. Although the Company believes that its focus on prime sites and developments means that there is and will continue to be demand for its developments, no assurance can be given that the supply of new office and residential projects will not exceed demand. Any such excess may have an effect on the value of the Company's portfolio and its ability to sell or lease its completed projects at forecasted levels or at all and, therefore, may adversely affect the Company's business, financial condition, results of operations or prospects.

The Group is exposed to location risks.

The value of a property depends to a large extent on its location and the purpose for which it is intended. If the Group misjudges the desirability of a property's location or its intended use, it may be difficult to sell the property at the budgeted price or to rent fully or at all at the budgeted rental levels. If the Group is required to reduce the sale price to attract purchasers or the rental level of a property to attract tenants, or if the property is empty for a long period of time, the market value of the property may be significantly reduced and the Group's revenues adversely affected. If budgeted sale or rental revenue should fail to materialise as planned, this may have long-term effects on the performance of the property concerned. Any such misjudgement or miscalculation may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to the risk of illiquidity of real estate investments.

Investments in real estate are relatively illiquid and are generally more difficult to realise than other investments. Proceeds from current or future asset sales may not meet the Group's expectations, or the Group may not be able to sell assets on the expected terms. Disposals of assets could take longer than may be commercially desirable which may have an effect on the timing of a disposal or on the funds received for a disposed property. Any delay in the disposal of a property or reduction in the sale price thereof could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be exposed to losses and liabilities (including tax liabilities) in respect of its properties as a result of the acts or omissions of vendors or previous owners or occupiers or relating to a prior period of ownership.

The Group may be exposed to losses and liabilities, including, for example, tax, regulatory, environmental and compliance liabilities, in respect of properties it acquires. The acts and omissions of the vendors or previous owners or occupiers of the properties in question, changes in regulation and a variety of other factors could result in the Group being exposed to such losses and liabilities.

The Group has acquired pre-owned buildings and may acquire other pre-owned buildings in the future. Hence there is a risk that some properties may contain hidden defects which if revealed would be the responsibility of the Group and adequate insurance to cover such risk may be unavailable (see "—Insurance may not cover all losses relating to the Group's properties and the Group may suffer material losses in excess of insurance proceeds"). Moreover, in some cases, the Group carried out a limited due diligence exercise prior to purchasing a property and therefore did not verify fully that the owners of the properties obtained (or the properties comply with) all planning permissions and conditions, building permits, licences, fire and health and safety rules and related regulations. Also, in some cases, the Group did not undertake (and did not obtain results for) all searches, inspections and surveys (including technical surveys) that it might have otherwise carried out in relation to an acquisition. The Group does not usually undertake any environmental searches or asbestos investigations prior to purchasing land or properties. The agreements that the Group enters into to acquire properties may contain only limited representations and warranties from the relevant vendors in favour of the Group and may contain limited or no other contractual protection. Moreover, there can be no assurance as to the ability of the relevant vendor to satisfy any claims which may be made by the Group.

The Group is party to co-investment agreements which may impose obligations and certain restrictions on the Group.

Where the Group does not own all of a property, it may be a party to a co-investment agreement with its co-investors. Such co-investment agreements may impose restrictions on the Group, including, *inter alia*, in relation to the disposal of its interest, changing the managers of (or where relevant, the general partner or the investment structure for) the property, its income and capital distribution entitlements and its voting rights, and/or the co-investment agreement may entitle its co-investors (or some of them or the relevant manager) to preferential income or capital returns on, or other rights in relation to, the investment in certain circumstances and/or pre-emption rights on the sale of the Group's interest. Any such co-investment agreement may also impose obligations on the Group. Any of these matters may affect the value of the Group's investment in such properties. In addition, the Group may be jointly and severally liable for costs, taxes or liabilities with its co-investors and, in the event of their default, the Group may be exposed to more than its proportionate share of the cost, tax or liability in question.

Insurance may not cover all losses relating to the Group's properties and the Group may suffer material losses in excess of insurance proceeds.

Properties may suffer physical damage by fire or other causes, or the Group may suffer public liability claims, resulting in losses (including loss of rent) which may not be fully compensated by insurance proceeds. In addition, certain types of risk (such as war risk, acts of terrorism and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the related risk. Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected property. The Group would also remain liable for any debt or other financial obligation related to that property.

No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. Any such uninsured loss or a loss in excess of insured limits, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may not be able to attract and retain sufficiently qualified employees in the countries in which the Group operates.

Increasing competition for employees in Germany from other local or international real estate companies may make it more difficult for the Group or its subsidiaries to attract and retain qualified employees and may lead to rising employee costs in the future. If the Group is unable to attract and retain employees with the required training, experience and motivation in key strategic markets or if competition for qualified employees increases its employee costs, it may materially adversely affect the Group's business, financial condition, results of operations or prospects.

The Group's activities are subject to many regulations, some of which are highly restrictive. In addition, current regulations may become more onerous in the future.

The Group is required to comply with numerous regulations governing matters such as the construction, refurbishment and maintenance of buildings, safety and leases. The Group, along with its suppliers and subcontractors, must comply with numerous regulations concerning urban planning, construction and development and building safety, which can result in significant expenses and investments for the Group.

Changes to these regulations or to their interpretation or application could force changes in the way the Group manages its assets. Regulations may require the Group to conduct major renovations of its buildings and limit its ability to sell assets, implement its investment or renovation programs. Such changes could increase operating, maintenance and refurbishment costs of the Group's properties, or limit the amount of rent that the Group may collect from its tenants, and could therefore have a significant negative impact on the Group's business, financial condition, results or outlook.

In addition, in Germany, legislation governing residential leases is very restrictive for the landlord. Contractual terms concerning the length of the lease, termination, renewal, rent increases and eviction are restricted by law and limit property owners' ability to increase and optimize rents and to freely manage their properties.

Given the complexity of some regulations applicable to the Group, particularly rules that determine when building permits must be obtained for renovations, it is possible that the Group's interpretation of these regulations could be challenged by tenants or result in injunctions or compliance orders from the relevant authorities.

The Group's property valuations may not reflect the real value of its portfolio, and the valuation of its assets may fluctuate from one period to the next.

The Group's investment property portfolio is usually valued once a year by the independent appraiser, DTZ. However, in 2006, the Group's portfolio was valued in June and December. The Group's property assets were most recently valued as of 30 June 2007.

The change in the appraised value of investment properties, in each period, determined on the basis of expert valuations and adjusted to account for any acquisitions and sales of buildings and capital expenditures, is recorded in the Group's income statements. Changes in the fair value of the buildings could also affect gains from sales recorded on the income statement (which are determined by reference to the value of the buildings at the beginning of the accounting period during which the sale is realised) and the rental yield from the buildings (which is equal to the ratio of rental revenues to the fair value of the buildings). Furthermore, changes in the fair value of the buildings could affect the Group's cost of debt financing, its compliance with financial covenants and its borrowing capacity.

The values determined by independent appraisers are based on numerous assumptions that may not prove correct, and also depend on trends in the relevant property markets. As a result, the valuation of the Group's property assets may not reflect potential selling prices. In addition, the figures may vary substantially between valuations. A decline in valuation may have a significant adverse impact on the Group's financial condition and results, particularly because changes in property values to a certain extent are reflected in the Group's consolidated net profit.

The Group's properties are exposed to the risk of destruction and deterioration.

The Group's buildings may be exposed to risks such as flooding, fire and gas explosions which could lead to the destruction or deterioration of its buildings. These risks may not be adequately covered by the Group's insurance policies, and the Group may not be fully indemnified for losses related to these risks, in particular for losses suffered from total destruction of property or from operating losses due to such destruction. If full indemnity is not possible, the total or partial destruction of the Group's properties could lead to major renovation costs and significant financial losses.

Some of the Group's properties may not be readily convertible to an alternative use if such properties were to become unprofitable due to competition, age, decreased demand, regulatory changes or other factors. The conversion of commercial properties to alternate uses or of non-commercial properties to commercial use generally requires substantial capital expenditure. Thus, if the current use of any property becomes unprofitable the market value of that property may decline.

The conversion of a commercial property to an alternate use or the conversion of a non-commercial property to commercial use may also be subject to planning control and zoning restrictions. Current and future applications for the proposed use or change of use and redevelopment of a property may be refused or delayed by the relevant authorities or by objections and appeals to the courts by third parties, thereby restricting the Group's ability to develop or re-let, as the case may be, the property for the new use within its proposed timescale.

The Group is exposed to risks of environmental claims.

The Group's activities are subject to laws and regulations relating to the environment and public health. These laws and regulations require a property owner to ensure that its premises are free from risks that may threaten the physical safety or health of its occupants. They cover the presence of toxic products in buildings (e.g., asbestos and lead), the installation of approved environmental protection measures, and efforts to combat risks such as those caused by electromagnetic waves, floods, fires and gas explosions. Failure to comply with these laws and regulations could lead to major costs or penalties for the Group.

The Group generally does not undertake any environmental searches or investigations prior to purchasing any land or properties, and therefore the Group may own land which contains environmental pollutants (e.g. waste, oil or toxic chemicals) or buildings whose structures incorporate hazardous materials (e.g. asbestos and formaldehyde) which are harmful to the environment or to the health of workmen on development sites or residents and occupants of residential or office sites. Environmental laws often impose liability regardless of whether the owner or operator of the property knew of, or was responsible for, the presence or release of the hazardous substances. The removal and disposal of such hazardous substances, along with the associated maintenance and repair work, could entail significant costs. Furthermore, it may be impossible for the Group to obtain recourse against the party responsible for the pollution or against prior owners.

The incurrence of environmental claims or unforeseen costs to remove or dispose of these substances and hazardous materials or to repair resultant damage caused by them could adversely affect the Group's business, financial condition, results of operations and prospects.

If laws and regulations relating to the environment and public health were to impose increased obligations or to be extended to apply to all Group assets regardless of age, or if new laws regulating risks not currently identified were to come into force, the Group could be required to significantly increase its expenses or capital expenditures to comply with them.

The Group is exposed to counterparty credit risk.

The Group is exposed to the credit risk of its counterparties (including local sub-contractors who assist in the development of projects) and their ability to satisfy the terms of contracts the Company has with them. The Company could experience delays in recovering any sums owed to it by such counterparties and suffer significant losses,

including declines in the value of its investment during the period in which it seeks to enforce its rights, or an inability to realise any gains on its investment during such period and may incur fees and expenses in enforcing its rights.

The Group is exposed to financing risk.

The Group finances the majority of its development through borrowings. The Company enjoys good relationships with several banks and has not experienced difficulties with obtaining debt funding. However, the real estate development market has experienced significant growth in the recent past in Germany and no assurance can be given that banks that have lent to the Group or their regulators will not introduce policies to limit exposure to the real estate sector such as quotas, increased provisioning or higher interest rates. Any such measures may result in the Group having to obtain funding at increased rates or being unable to obtain funding, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's financing arrangements could give rise to additional risk.

Where the Group acquires a property using external finance, this is achieved in some cases through a mortgage over the property acquired and a pledge over the shares of the specific subsidiary that owns the relevant property. There can be no assurance that the registration of mortgages and pledges has been concluded in accordance with applicable local law, and a successful challenge against such mortgages or pledges may entitle the lender to demand early repayment of its loan to the Group.

The Group's financing agreements contain financial covenants that could, among other things, require the Group to maintain certain financial ratios. In addition, some of the financing agreements require the prior written consent of the lender to any merger, consolidation or corporate changes of the borrower and the other obligors. Should the Group breach any representations, warranties or covenants contained in any such loan or other financing agreement, or otherwise be unable to service interest payments or principal repayments, the Group may be required immediately to repay such borrowings in whole or in part, together with any related costs. If the Group does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the properties comprising the Group's investment portfolio, or refinance those borrowings with the risk that borrowings may not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowing.

The Group is exposed to liquidity risk resulting from negative cash flow.

The Group had positive cash flow from operating activities for the years ended 31 December 2006 and 2005, respectively and negative cash flow from operating activities for the six months ended 30 June 2007 which exposed the Group to liquidity risk. The negative cash flow from operating activities has been primarily due to the expenses relating to the new acquisitions. As the Group continues to invest in new acquisitions to increase its net asset value, there can be no assurance that the Group will not experience negative cash flow from its operating activities in the future. If it records negative cash flow from its operating activities in future, it may need funding sources to finance its activities, which might not be available on reasonable terms or at all. In addition, the Group may need to sell or refinance assets in order to make debt service payments, potentially on less advantageous terms than those the Group could have realised in the absence of financing constraints.

The Group is exposed to interest rate risks.

The Group utilises variable and fixed rate debt financing to finance the purchase, development, construction and maintenance of its properties. When variable rate financing is used, the Group's costs increase if prevailing interest rate levels rise. While the Group generally seeks to control its exposure to interest rate risks by entering into interest rate swaps, not all financing arrangements are covered by such swaps and a significant increase in interest expense would have an unfavourable effect on the Group's financial results and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Rising interest rates could also affect the Group's ability to make new investments and could reduce the value of the properties.

The Company, as a Luxembourg tax resident company, benefits from a tax regime under which dividends and capital gains are exempt provided certain conditions are met. Should its tax residence be challenged or the tax regime applicable to it change, this could result in a significant increase in its annual tax liabilities and could impact its profitability.

As a Luxembourg tax resident company, the Company currently pays corporation tax on its profits at the rate of 31.88 % In addition, the Group holds investment properties through Luxembourg special purpose entities. If the Group were to sell such Luxembourg special purpose entities, and if certain conditions are met, the Group believes

that, as a Luxembourg tax resident company, no capital gains tax would be due upon the sale. If the Company were deemed to have a taxable presence in a country other than Luxembourg due to a challenge of its tax residence, it may be subject to an increased tax rate or capital gains taxes upon the sale of investment property. Any challenge of the Luxembourg tax residence could arise from tax authorities of other countries regarding the effective place of management or changes of the location of its overall management and control, its board and senior management composition and governance and other corporate matters.

The Group is exposed to tax risks.

The Company and its subsidiaries carrying out the property development and investment are exposed to risks associated with possible changes in tax laws, or the interpretation of tax laws, in the various countries in which they operate.

The German business tax reform 2008 *inter alia* provides for a limitation of the deductibility of interest expenses for corporate income tax and trade tax purposes. As a result of the tax reform, the overall tax burden on German companies will be modified substantially, thus affecting the Group's German subsidiaries. The activities of the Company in Germany may harm the tax privilege under the Luxembourg SOPARFI regime. This may adversely affect the after-tax profit, cash flow and financial condition of the German companies in the Group.

Orco Property Group S.A. holds a majority of the Shares and thereby can exercise control over us; Orco Property Group's decisions may not always be in the best interests of minority shareholders.

Orco Property Group S.A. holds approximately 57 % of the Shares. This concentration of ownership may have the effect of, among other things, delaying, preventing or deterring a change in control of the Company, which could deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale or merger and may negatively affect the market price of the Shares.

All of the Company's four-member board of directors, or the Board, are also members of the Board of Directors of Orco Property Group S.A. Further, Orco Property Group has entered into a Shareholder Agreement with MSREF V Turtle B.V., a further substantial shareholder of the Company, which obliges each party *inter alia* to always vote in such way as to ensure that the other party may send or dismiss a Board Member. Through the Board Orco Property Group and MSREF V Turtle B.V. may therefore directly exercise significant influence over our significant business decisions as well as over any strategic decision in relation to our business. The interests of Orco Property Group and/or MSREF V Turtle B.V. may differ from the interests of the minority shareholders.

The acquisition agreement through which Gewerbesiedlungs-Gesellschaft was purchased imposes on us certain social obligations, restrict our ability to increase rents and provide for onerous penalties for violations.

The acquisition agreement through which Gewerbesiedlungs-Gesellschaft was purchased contains various long-term restrictions on the manner in which the Company's subsidiaries can operate the respective real estate. Pursuant to these restrictions, we are precluded, inter alia, to substantially alter the business of Gewerbesiedlungs-Gesellschaft, to increase the rent levels for certain of the assets held by Gewerbesiedlungs-Gesellschaft, to accept certain persons or groups of persons as lessees. Furthermore, the Company is subject to various social obligations regarding employees of Gewerbesiedlungs-Gesellschaft and existing or future tenants of Gewerbesiedlungs-Gesellschaft, and, further, are obliged to ensure the expenditure of EUR 10 million within the coming five years for the promotion of small and medium enterprises as current or future tenants of Gewerbesiedlungs-Gesellschaft. Due to constraints regarding certain subsidies the use and the management of several assets held by Gewerbesiedlungs-Gesellschaft are restricted. The penalties for violations of these provisions are onerous, and, depending on the specific restriction violated, may amount to EUR 310 million.

The geographic concentration of our commercial and residential real estate in certain areas of Germany makes rental income, operating profit and financial condition dependent on general economic and demographic trends in Germany and sub-regions within Germany.

Our real estate portfolio is located exclusively in Germany, with particular focus in the Berlin areas. Due to this concentration, adverse changes in the general political, demographic, legal or economic conditions in Germany, especially in the Berlin areas, could have material adverse effect on our rental income, operating profit, and financial conditions. Especially, a downturn in demand for commercial space in Berlin may have a more pronounced negative effect on our rental income and on the value of our assets generally than if we had diversified our investments.

If we fail to meet legal requirements in connection with subsidies, government grantors could reclaim such subsidies.

Especially Gewerbesiedlungs-Gesellschaft, but also other of our affiliates, have obtained numerous public subsidies in, among others, the federal state of Berlin. The availability of these subsidies to us and certain of our affiliates depends on such entities' respective fulfillment of certain contractual terms, terms in administrative orders (*Bescheide*) and legal requirements. For example, in connection with real estate located in Berlin, the State of Berlin has granted, inter alia, subsidies under the community project (*Gemeinschaftsaufgabe*) "Improvement of the Regional Economic Structure" (*Verbesserung der regionalen Wirtschaftsstruktur*). The condition of such subsidies provide, among other things, that the landlord of the subsidized space may not charge more than a certain level of rent, and may lease the apartment only to certain eligible persons (e.g., small and medium enterprises). Should our respective subsidiaries to which subsidies have been granted fail to fulfill such terms and other legal requirements in connection with the subsidies, such that it is no longer eligible for the subsidies, government grantors could reclaim such subsidies, including any applicable interest, in full. The loss of such subsidies would have a material adverse effect on our cash flow, our ability to manage our real estate holdings and profitability.

The use of standardized contracts could result in claims for damages against us under a number of contracts, or in the loss of certain rights and privileges or of their respective rights to claim damages, if errors or problems arise in connection with the enforcement of such contracts.

Because our business involves a large number of individual units and tenants, each with a relatively small individual value, we maintain numerous legal relationships, in particular with tenants, contractors and service providers, any one of which is not financially material to us. As a means of efficiently managing these legal relationships, we often make use of standardized documents and form contracts. These documents and contracts often contain ambiguities or errors, and the fact that any given document or contract is standardized may cause a significant number of contractual terms or even the validity of a large number of contracts to be affected. Due to frequent changes in the law, particularly in case law regarding general terms and conditions (*allgemeine Geschäftsbedingungen*), the use of such standardized contractual terms is not without risk. For example, it is possible that, as a result of changes to statutes or case law, ambiguities or errors in standard contract terms may give rise to claims or cause such subsidiaries to lose certain rights and privileges, or their right to claim damages which, in turn, could adversely affect our rental income and operating profit and, as a result, our profitability and the value of, and return on, the Shares.

Risks related to the Group's real estate development business

Unexpected problems and unrecognised risks could arise in the Group's existing and future development projects.

Unexpected problems or unrecognised risks could arise in connection with the Group's existing and future development projects. The residential and commercial real estate development businesses are subject to certain risks arising from the complexity of the projects, the application of regulations, the multiplicity of participants and the need to obtain permits. These risks include the possible abandonment of projects on which the Group has incurred significant feasibility study costs and to which it has devoted management attention. Moreover, the agreements that the Company enters into when developing or acquiring property portfolios may not adequately address such problems or risks.

While the Group takes great care in selecting project participants and in conducting detailed technical, market and cost studies prior to launching projects, it is subject to risks such as underestimating costs in the budgeting process, incurring additional costs due to delivery delays or experiencing sales rates or prices that are lower than expected, all of which could affect its profitability. In some cases, the Group could be exposed to legal action concerning structural defects or problems affecting buildings it develops. Finally, although the Group's policies require its subcontractors to comply with all relevant labour laws and regulations, including those relating to undeclared labour, the Group could be subject to legal action if one or more of its subcontractors were to fail to comply with these policies. Unrecognised risks and the occurrence of unexpected problems, which may occur without warning, could adversely affect the Group's results of operations, lead to a decline in the value of development projects or acquired assets, and materially adversely affect the Group's business, financial condition, results of operations or prospects.

The Group is exposed to risks associated with its investments in development projects.

During the initial phases of development projects, the Group normally carries the costs of the project, both through injection of equity and by incurring debt, and begins to receive revenues only at a later point in time.

Development projects sometimes face cost overruns and delays in completion, many of which are caused by factors that are not directly within the control of the developer. These types of risks, especially in relation to the quality and timeliness of performance by contractors, are inherent in property development. If any of these risks occur, the economic success of a project could be significantly impaired and the Group's business, results of operations, financial condition and prospects could be materially adversely affected.

The Group may not obtain at all or in a timely manner all required permits and consents for the completion of its property development projects.

As a result of bureaucratic difficulties, environmental and heritage protection laws, and time constraints with the administrative authorities in the relevant jurisdictions, the Group may encounter difficulties in obtaining relevant permits for the development of its projects or, more likely, may acquire those permits later than expected. Any such inability to obtain, or delay in obtaining, permits or consents could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Risks related to the Group's investment business

The Group is subject to increasing pressure on rental yields.

Additional new retail space is being developed in a number of jurisdictions in which the Group is active. Following the continued development of that additional retail space there may be pressure on rent levels, which may also have an adverse impact on the Group's rental returns, as well as the value of its properties, and as a consequence on the Group's business, financial condition, results of operations or prospects. Future development projects and acquisitions of property portfolios by the Group could prove unsuccessful.

A fall in market rent levels would adversely affect rents on new leases and on renewed leases. It would also make negotiations with existing tenants on increasing rent more difficult, particularly if this increase results in rent amounts under existing leases being higher than rent amounts under comparable new leases. A fall in market rent levels could therefore have a significant adverse impact on the Group's business, financial condition and results.

The Group is exposed to leasing risks.

The value of a rental property depends to a large extent on the remaining term of the related rental agreements as well as the creditworthiness of the tenants. If the Group is unable to renew expiring leases on favourable terms and find and retain suitably creditworthy tenants willing to enter into long-term rental agreements, the market value of the relevant property will be adversely affected. The creditworthiness of a tenant can decline over the short or medium term, leading to a risk that the tenant will become insolvent or be otherwise unable to meet its obligations under the lease. If the Group's judgment about a significant tenant or about the location, use or desirability of a property proves to be incorrect, its income from the property may be significantly below its estimates while its operating costs remain largely fixed.

German law or regulations may restrict the levels at which rental may increase, or index such rental increases to price indices. In Germany, the landlord-tenant relationship is subject to a significant level of statutory regulation which, for the most part, provides far-reaching social protection for the tenants under residential leases. According to German law, for example, a landlord may not increase residential rents by more than an aggregate of 20% over a three-year period. The landlord may only terminate a lease agreement if there is a legitimate interest in so doing. Furthermore, we and our affiliates are subject to additional restraints on rent increases arising from the acquisition agreements through which part of the real estate portfolio was purchased. All of these factors could have a material adverse effect on the Group's business, assets, financial condition, results of operations or prospects.

The occupancy rate of the Group's rental investment properties could fall if the Group were to become less effective in marketing vacant properties. Property vacancies adversely affect the Group's results both because vacant properties earn no revenue, and because the Group's costs increase when units are vacant. Vacant units increase costs because they require renovation work before they are put on the market, and because the Group cannot pass on building costs relating to those units in the form of higher rents.

The Group cannot guarantee that it will be able to relet properties quickly and at satisfactory rent levels when tenants leave. Additionally, market conditions could be adverse or new regulations could further restrict rent increases when existing leases come up for renewal.

The Group is exposed to maintenance risks.

The desirability of a rental property depends not only on its location but also on its condition. To remain desirable and to generate a revenue stream over the long term, a property's condition must be maintained or, in some cases, improved to meet the changing needs of the market. Most of the Group's properties have been recently redeveloped, and are expected to require only standard maintenance in the near term. As these properties age, or as market requirements change, maintaining or upgrading these properties in accordance with market standards may entail significant costs, which are typically borne primarily by the property owner, not the tenants. If the actual costs of maintaining or upgrading a property exceed the Group's estimates, or if hidden defects are discovered during maintenance or upgrading, which are not covered by insurance or contractual warranties, or if the Group is not permitted to raise its rents due to legal constraints under applicable local landlord-tenant laws, the Group will have to bear the additional costs. Furthermore, any failure by the Group to undertake relevant repair work in response to the factors described above could adversely affect the sales and rental income earned from affected properties. All of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to risks relating to its office and retail rental business.

The Group faces risks specific to office and retail rental business, which may have a negative impact on the value of its assets, its results, business and financial condition. These risks result from the following factors:

- The office and retail rental portfolio is more sensitive than residential property to the economic environment in the relevant markets.
- Renovation work required on vacant units before they are relet is often more extensive in the office and retail segment than in the residential segment.
- The risk of tenants becoming insolvent and the resulting impact on Group results is greater in the office and retail segment because of the greater relative importance of each tenant.

The Group is exposed to indexation risks.

Some of the Group's leases include a clause that provides for partial or full indexation of the rent, in most cases in line with consumer price indices or other similar indices, and the rent payable is pegged to the euro. The Group may not be able to fully index its leases to appropriate consumer price indices due to increasing competition in the real estate markets, which would materially adversely affect the value of the relevant properties.

If a lease is not fully indexed and, as a result, the rent remains constant for a lengthy period, while the Group's costs of maintaining, operating and administering the property increase due to inflation, this would adversely affect the Group's operating results. If such leases are terminated after a long period, then the index-link may subsequently cause a significant deviation in the rent achievable on reletting if market rates have not kept up with the rate of inflation or deviate from the development of the euro. This may result in a material adverse effect on the Group's business, assets, financial condition and results of operations.

Risks related to the shares

The holders of the shares may loose their investment

The investors in the shares may loose part or the total amount of their investment as there is no guaranteed equity given back to the investors.

The holders of the shares may face volatility

The investors will have to face a potential volatile market that will depend on the free float of the company on the market and the current and future conditions of the German stock market and of the stock markets in general

The holders of the Shares face potential dilution of their shareholdings in the future.

The Company has the following convertible bonds and bonds with warrants outstanding:

- 2,436,000 subscription warrants due on February 2009, with three subscription warrants converting into one Share of the Company;
- 148,077 bonds with 9,328,851 redeemable warrants due 30 May 2012 for the bonds and due 30 May 2014 for the warrants, with each warrant entitling its holder to one Share of the Company.

Future sales of Shares may affect their market price.

Sales, or the possibility of sales, of substantial numbers of Shares in the public markets, including sales by the Company's principal shareholders, following the Offering could have a material adverse effect on the market price of the Shares or could affect the Company's ability to obtain further capital through an offering of equity securities. Subsequent equity offerings may reduce the percentage ownership of the Company's existing shareholders.

3. GENERAL INFORMATION

3.1. Net Working Capital

The level of the current net working capital is sufficient to face the existing commitments of the company.

3.2. Capitalisation and Indebtedness

The following tables show the unaudited capitalisation and net indebtedness of the Group as of 30 June 2007 and were extracted without material adjustment from the unaudited condensed consolidated interim financial information as at and for the period ended 30 June 2007.

	As of 30 June 2007
	(€ thousands) (unaudited)
Total current debt	**85,690**
Guaranteed	—
Secured	85,398
Unguaranteed/Unsecured	292
Total non-current debt	**487,675**
Guaranteed	—
Secured	401,743
Unguaranteed/Unsecured	85,932
Shareholders' Equity	**200,720**
Share capital	47,715
Share premium	97,908
Other reserves	55,097
Minority interests	**37,890**
Total	**811,975**

Since 30 June 2007 there has been no material change in capitalisation and indebtedness.

	As of 30 June 2007
	(€ thousands) (unaudited)
Cash	89,799
Cash equivalents	3,043
Current financial assets	—
Total liquidity	**92,842**
Current bank debt	85,398
Current portion of non-current debt	—
Other current financial debt	292
Current financial debt	**85,690**
Net current financial indebtedness	**(7,152)**
Non-current bank debt	401,743
Bonds issued	81,872
Other non-current financial debt	4,060
Non-current financial indebtedness	**487,675**
Net financial indebtedness	**480,523**

3.3 Subject of the Securities Note

Subject of this Securities Note is the admission to listing and trading of 48,771,333 no-par bearer Shares on the main market (*Geregelter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to the sub-segment thereof with additional obligations arising from admission (Prime Standard).

The Shares are issued according to Luxemburg law. The ISIN Code is LU0251710041, the Wertpapierkennnummer AOJL4D and the Stock Exchange Symbol O5G.

Admission to listing and trading on the main market (Geregelter Markt) of the Frankfurt Stock Exchange

38,171,333 Shares are currently listed on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

It is intended to admit all currently listed Shares and further 10,600,000 Shares not yet listed to listing and trading on the main market (*Geregelter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to the sub-segment thereof with additional obligations arising from admission (Prime Standard).

Admission Costs

The Company estimates the costs for the admission of the Shares to listing and trading on the main market (*Geregelter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to the sub-segment thereof with additional obligations arising from admission (Prime Standard) to approximately EUR 120,000.

Third Party Interests in the admission of the Shares

The Listing Agent applying for the admission of the Shares to listing and trading on the main market (*Geregelter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to the sub-segment thereof with additional obligations arising from admission (Prime Standard) receives a remuneration for the services provided and has therefore an interest in the admission.

Listing Agent

Silvia Quandt & Cie. Capital Markets AG, Frankfurt am Main, Germany, is currently the Listing Agent of the Company for the Shares listed on the Regulated Market.

4. INFORMATION ON THE SHARES

Information on the Shares to be admitted to trading

Type, category and ranking date of the Shares

The Shares are subject to the provisions of the Articles of Association of the Company.

The Shares have the same accounting par value and are of the same category. The Shares will be either in the form of registered shares or in the form of bearer shares, at the option of the shareholder, except to the extent otherwise provided by law.

Shareholders may freely sell or transfer Shares at any time.

Listing

38,171,333 Shares are currently listed on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange. The ISIN Code is LU0251710041, the Wertpapierkennnummer AOJL4D and the Stock Exchange Symbol O5G.

Jurisdiction and applicable law

Applicable law

The Shares are issued under Luxembourg law.

Competent courts

The competent courts in the event of disputes shall be those 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.

Currency of the Shares

The Shares may only be issued in €. The Shares are without nominal value.

Rights and restrictions attached to the Shares

Pursuant to the current articles of incorporation, 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

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 to the Shareholders at the general meeting of the Shareholders as proposed by the Board of Directors from the distributable sums in accordance with applicable legal stipulations.

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

Voting rights

In accordance with the Companies Act 1915 and article 13 of the Company's articles of incorporation, each Share carries entitlement to one vote at the general meetings of Shareholders.

Convening of Shareholders' General Meetings

The annual general meeting of the Shareholders meets in Luxembourg, at the registered office of the Company or at any other location indicated in the convening notice on the third Friday of the month of April at 3:00 pm, Luxembourg time. If that day is a legal holiday, the meeting shall be held on the next following business day in Luxembourg. Extraordinary general meetings of the Shareholders are convened in accordance with Luxembourg law and the articles of incorporation of the Company.

Shareholders' meetings are called by publishing convening notices in accordance with Luxembourg company law and the articles of incorporation, as well as with applicable stock exchange regulations of the jurisdiction(s) where the Shares are listed, if any.

In accordance with Luxembourg company law, convening notices are published twice, at an interval of no fewer than eight days, the second notice appearing at least eight days before the day of the meeting in the official gazette of the Grand Duchy of Luxembourg, the *Mémorial*, and a Luxembourg newspaper. In addition the Company will publish convening notices in the German *"Börsenzeitung"* (nationwide journal for statutory stock exchange announcements).

Exercise of the voting rights of Shareholders who hold their Shares with fungible securities accounts

In order to exercise their voting rights, Shareholders who hold their Shares through fungible securities accounts each shareholder may exercise all rights attached to its Shares and, in particular, may participate in and vote at the shareholder's general meetings upon:

- presentation 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 and including the date of the meeting (the "**Blocking Certificate**") and certifying the number of shares recorded in this account.

The board of directors of the Company may decide that the Blocking Certificate shall be submitted to the Company at its registered address or at the address stated in the convening notice and not later than specified in the convening notice.

In the event that a shareholder votes by proxy, such shareholder must file the required Blocking Certificate and a completed proxy form at the registered office of the Company or with any local agent of the Company duly authorized to receive such proxies and not later than stated in the convening notice.

Preferential subscription rights

In accordance with the Companies Act 1915, Shareholders are entitled to a preferential right of subscription to new Shares, which - under certain conditions - may be limited or cancelled by the general meeting of the Shareholders or by the Board of Directors, if authorised by the former.

Restriction on the free trading of the Shares

The Shares are not subject to any transfer restrictions.

Applicable legislation on public offerings

Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 (the ''**Takeover Directive**''), the Luxembourg act dated 19 May 2006 on public takeovers (the ''**Luxembourg Public Takeover Act**'') and the German act dated December 20, 2001, last amendment by Art. 1 of the Act of 08 July 2006 (the "**Wertpapiererwerbs- und Übernahmegesetz**") which have both implemented the Takeover Directive into Luxembourg and German law respectively, provide that the law applicable to a takeover bid in respect of the Company (and related questions) would be the law of the EU Member State (or an EEA Member State) where the shares in the Company are admitted to trading and listed on a regulated market (as determined by Directive 2004/39/EC) ("**Regulated Market**") and that matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company, will exclusively be governed by the applicable rules of the EU Member State in which the company in question has its registered office.

Mandatory Bid

The *Wertpapiererwerbs- und Übernahmegesetz* contains certain rules and regulations constituting the obligation submitting mandatory bids when attaining the control over a company listed on a Regulated Market.

Right of squeeze-out

The *Wertpapiererwerbs- und Übernahmegesetz* contains certain rights regarding the squeeze-out of minority shareholders in case of a mandatory bid or takeover bid. However, since the Shares are currently listed at the Open Market of the Frankfurt Stock Exchange only and, therefore, not on a Regulated Market the "Wertpapiererwerbs- und Übernahmegesetz" is not applicable to the Shares of the Company.

Disclosure obligations

The Luxembourg act dated December 4, 1992 relating to the information to be published when acquiring or disposing of an important participation in a listed company, as amended (the ''**Luxembourg Disclosure Act**''), requires persons, directly or indirectly, acquiring or disposing of shares in a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg and the shares of which are listed on a stock exchange within the European Union (the ''**Target Company**'') to give written notice of such acquisition or disposal simultaneously to the Target Company and the CSSF in certain circumstances. The Luxembourg Disclosure Act provides that such written notice must be given where, as a result of an acquisition or disposal of the shares in the Target Company, the purchaser's or seller's percentage of voting rights reaches or exceeds one of the thresholds of 10%, 20%, 1/3, 50% and 2/3 of the total voting rights or falls below these thresholds. In addition to the provisions of the Luxembourg Disclosure Act, the articles of incorporation of the Company provide for further thresholds ("**Further Thresholds**") as those set out in the Luxembourg Disclosure Act:any acquisition or disposal of Shares resulting in the thresholds of 2.5%, 5%, 10%, 15%, 20%, 25%, 33%, 50% and 66% of the total voting rights to be reached or exceeded have to be promptly notified in writing to the Company.

A violation of the Luxembourg Disclosure Act triggers a fine of EUR 250 to EUR 25,000. Furthermore, the voting rights attached to the shares of the Target Company owned by any person who has failed duly to notify the Target Company and the CSSF in one of the above circumstances pursuant to the Luxembourg Disclosure Act are suspended as long as sufficient information regarding the acquisition or disposal of the shares in the Target Company is not duly notified and published in accordance with the Luxembourg Disclosure Act. In addition, upon request of the Target Company, a shareholder of the Target Company or a third party having an interest, a Luxembourg court (if competent) may nullify a resolution adopted by the general meeting of the shareholders of the Target Company, if it determines that such resolution has only been adopted through the exercise of the suspended voting rights. Failure to comply with the Further Thresholds will prevent such shareholder from voting at the occasion of the next General Meeting of the Company.

In addition, any person who has to declare that he holds Shares giving him 10% or more of the voting rights in the Company must - on pain of the suspension of his voting rights in accordance with the Luxembourg Disclosure Act - inform the Company immediately by registered letter with a form for acknowledgement of receipt of his intention (a) to acquire or dispose of Shares in the Company within the next twelve months, (b) to try to obtain control over the Company or (c) to try to appoint a member to the Board of Directors.

Recent takeover bids

No takeover bid was launched with respect to the capital of Orco Germany during the last financial year or the current financial year.

TAXATION

The following is a summary discussion of certain material Luxembourg and German tax consequences with respect to ORCO Germany S. A. and the acquisition, holding and transfer of its shares. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder of the shares and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. It is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on Luxembourg and German laws and regulations, interpretations of financial authorities, jurisdiction of finance courts and the regulations of the double tax treaty currently in force between Germany and Luxembourg as they stand on the date of this securities note and is subject to any change – potentially retroactively – in law or regulations of changes in interpretation or application thereof that may take effect after such date.

Prospective investors in the shares of ORCO Germany S. A. should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations concerning the acquisition, holding, disposal or the gratuitous transfer of shares as well as the refund or abatement of withholding tax, including Luxembourg and German tax law and regulations, to which they may be subject.

I. Taxation in Luxembourg

A. Taxation of the company

1. Tax status of ORCO Germany S. A.

ORCO Germany S. A. is a limited liability company incorporated under the laws of and registered in Luxembourg. Both its seat and place of management are located in Luxembourg. The company is therefore fully liable to corporate income and trade tax in Luxembourg. The corporate income tax rate in Luxembourg is 22 %. Income that is subject to taxation in Luxembourg refers, for example, to the company's income generated from activities in Luxembourg but also to dividend distributions from its German subsidiaries, gains from the disposal of shares held in German subsidiaries and interest income on loans granted to German subsidiaries.

The Company is a so-called "Soparfi" — *Société de Participations Financières*. A Soparfi is subject to full taxation and may take advantage of Luxembourg's double tax treaties. If a Soparfi has a shareholding of at least 10 per cent. in a company (or, if less, if the acquisition cost was at least EUR 1.2 million) and its holding period of the shareholding is at least 12 months, dividends from the company received by the Soparfi are excluded from the Soparfi's taxable profit. If a Soparfi has a shareholding of at least 10 per cent. in a company (or, if less, if the acquisition cost was at least EUR 6 million) and its holding period of the shareholding is at least 12 months, capital gains are excluded from the Soparfi's taxable profit. Other income reduced by financing and other costs would be generally subject to taxation at the rate of 31.88 per cent.

2. Income from activities in Germany

ORCO Germany S. A. is principally involved in leasing out investment property, mainly located in Germany, under operating leases as well as in the development of properties for its own portfolio.

ORCO Germany S. A.'s income taxable in Germany refers to income from rental, leasing and (possibly) the sale of property located in Germany. In that respect, the company is liable to German corporate income tax. The current corporate income tax rate amounts to 25 % plus solidarity surcharge (5.5 %) thereon resulting in a total rate of 26,375 %. Effective 1 January 2008, the corporate income tax rate will be lowered to 15 % plus solidarity surcharge (5.5 %) thereon resulting in a total rate of 15.825 %. As the company generates income from asset management and has no permanent establishment in Germany, ORCO Germany S. A. is not subject to German trade tax.

ORCO Germany S. A.'s German subsidiaries are fully taxable in Germany both for corporate income and trade tax. However, they may apply for a special trade tax status allowing to reduce their trade tax burden to a minimum.

In regard to tax loss regulations, the maximum loss which can be offset in any one year is restricted to EUR 1 million plus 60 % of the profit exceeding EUR 1 million. Tax losses can be carried forward without limitation but not carried back.

3. Dividend distribution to Luxembourg

Income from dividend distribution by German subsidiaries to ORCO Germany S. A. is subject to taxation in Luxembourg. As to the EC Parent-Subsidiary Directive, the dividend distribution can be effected without the deduction of withholding taxes; however, Sec. 50 d (3) of the German Income Tax Act excludes relief from withholding taxes under certain conditions.

B. Withholding tax on dividend distribution in Luxembourg

As to Luxembourg tax law, ORCO Germany S. A. is obliged to withhold and to pay to the tax offices 20 % of the gross dividend amount distributed to its shareholders. Withholding tax is due regardless of the fact if and to which extent the dividend is subject to taxation at the level of the shareholder and if the shareholder is a resident of Luxembourg or of any other country. If a shareholder is a resident of a member state of the European Union and the EC Parent-Subsidiary Directive is applicable, exceptions may apply.

As to the double tax treaty in force between Luxembourg and Germany, the withholding tax amount is generally limited to 15 % of the gross dividend amount. The reduction from 20 % to 15 % is granted by the Luxembourg fiscal authorities if an application is made.

For shareholders who are neither residents of Luxembourg nor Germany, special regulations might be in force dependent on the relevant double tax treaty between Luxembourg and the country the shareholder is resident of. Shareholders who are not residents of Germany are recommended to consult their own professional advisers.

C. Non-resident shareholders

Shareholders will not become residents or be deemed to be residents of Luxembourg by reason only of the holding of the shares.

D. Taxation of shareholders in Luxembourg

1. Taxation of dividends

Shareholders who are not residents of Luxembourg for tax purposes and who are not regarded as residents of Luxembourg for tax purposes and who do not hold their shares in ORCO Germany S. A. in the business assets of a Luxembourg-based permanent establishment are not subject to income or corporate income tax in Luxembourg with the exception of the retained withholding tax (see B. Withholding tax on dividend distribution in Luxembourg).

2. Taxation of capital gains

Shareholders who are not residents of Luxembourg for tax purposes and who are not regarded as residents of Luxembourg for tax purposes and who do not hold their shares in ORCO Germany S. A. in the business assets (*Betriebsvermögen*) of a Luxembourg-based permanent establishment are not subject to income or corporate income tax in Luxembourg on capital gains.

Exceptions may apply if the shareholder held more than 10 % of the shares in ORCO Germany S. A. at any time during the 5 years preceding the sale and

a. the acquisition of the shares was effected less than 6 months prior to the sale or
b. the shareholder was fully taxable in Luxembourg for income or corporate income tax purposes for at least 15 years and was not subject to income or corporate income tax during the last 5 years preceding the sale of the shares in ORCO Germany S. A.

E. Other taxes

As a consequence of the issuing of new shares by ORCO Germany S. A., in Luxembourg, a capital duty (*droit d'apport*) is due in respect of the issued and paid-up share capital. The capital duty has to be paid only by ORCO Germany S. A. and not by its shareholders.

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the shareholders as a consequence of the issuance of the shares nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the shares.

No estate or inheritance tax is levied on the transfer of shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of shares if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg. Where a shareholder is a resident of Luxembourg for tax purposes at the time of his death, the shares are included in its taxable estate for inheritance tax or estate tax purposes.

II. Taxation of shareholders in Germany

Shareholders are subject to taxation in Germany particularly concerning the holding of shares (taxation of dividends), the sale of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax). Due to the German tax reform 2008, some of the regulations discussed in the following are subject to changes effective from 2008 or 2009. Therefore, the discussion of the regulations currently in force is followed by an overview of relevant changes.

A. Taxation of dividends

1. Dividend income ref. shareholders who are residents of Germany

a. Shares held for private purposes

Only half of the dividends received by a German-resident individual are subject to income tax at its special individual tax rate which is dependent on the amount of taxable income. The highest individual tax rate amounts to 42 % (plus solidarity surcharge of 5.5 % thereon).

The income tax rate on particularly high taxable income (for the part exceeding EUR 250,000 for unmarried and EUR 500,000 for married persons) is 45 % plus 5.5 % solidarity surcharge thereon. In return, there is a limitation of income tax scale for trading income; however, this regulation will be dropped from 1 January 2008.

Correspondingly, only half of the expense related to the dividend income is deductible.

Individuals who hold their shares for private purposes are granted a savings amount of allowance of EUR 750 for unmarried and EUR 1,500 for married persons. A lump sum amount for expenses of EUR 51 for unmarried and EUR 102 for unmarried persons is granted if no higher related expenses can be proved.

The effective withholding tax of 15 % (see I. B. Withholding tax on dividend distribution in Luxembourg) of the gross dividend can be credited on or deducted from the German income tax.

b. Shares held for business purposes

If shares are held for business purposes, the taxation is dependent on the fact if the shareholder is a corporation (*Körperschaft*), a sole trader (*Einzelunternehmer*) or a partnership (*Personengesellschaft, Mitunternehmerschaft*) regarded as exercising a trade business.

aa. Corporations

A corporation's dividend income distributed by German-based companies or companies resident abroad is generally tax-free. However, 5 % of the gains are deemed non deductible business expenses and are thus subject to corporate income tax and solidarity surcharge thereon so that effectively 95 % of the dividend income is tax exempt. Dividend income related expenses are fully deductible.

Dividend income from shares held in ORCO Germany S. A. is generally fully subject to trade tax. The trade tax rate is dependent on the municipal levy rate and varies between 15 % and 25 %. The trade tax rate will be lowered effective 1 January 2008 due to the German tax reform to about between 10 % and 15 %. When the taxable corporate and trade income is determined, trade tax is currently considered as deductible expense. However, effective 1 January 2008, trade tax will no longer be deductible.

Special rules apply to banks, financial service companies, finance companies, certain insurance companies and pension funds.

bb. Sole traders

Only half of the dividends received by a German sole trader are subject to income tax and solidarity surcharge thereon, correspondingly, only half of the expenses related to the dividend income are deductible.

If the shares have to be qualified as belonging to a German-based permanent establishment regarded as a trade business, the dividend income from shares held in ORCO Germany S. A. is fully subject to trade tax.

The trade tax rate is dependent on the municipal levy rate. Trade tax is fully or partly credited to the income tax of the sole trader, dependent on its individual taxation circumstances.

The effective withholding tax of 15 % of the gross dividend can be credited on or deducted from the German income tax.

cc. Partnerships

If the shareholder is a partnership, income or corporate income tax plus solidarity surcharge thereon are only levied at the level of the partners. If the partner is a corporation, the dividend is principally tax free to 95 % (see above aa. "Corporations"). If the partner is an individual and therefore liable to income tax, only half of the dividends are subject to income tax and solidarity surcharge thereon (see above bb. "Sole trader"). The credit respectively deduction of the withholding tax effectively payable in Luxembourg is also dependent on the status of the partner.

The partnership itself is liable to trade tax if the shares are attributable to a German-based permanent establishment regarded as a trade business so that dividend income from shares held in ORCO Germany S. A. is fully subject to trade tax.

The same effects occur for dividend income if the related shares are owned by a partner of a partnership with a German-based permanent establishment regarded as a trade business and are attributable to the business assets for special tax purposes (*Sonderbetriebsvermögen*) of the partner at the partnership.

2. Taxation of dividends ref. shareholders who are not residents of Germany

Shareholders (individuals or corporations) who are not residents of Germany and who have no German-based permanent establishment or permanent representative to which and whom the shares are attributable are not taxable in Germany. The taxation is dependent on the laws of the country the shareholder is a resident of and a relevant double tax treaty between this country and Luxembourg. Shareholders holding their interests as a foreign business asset are recommended to consult their own professional advisors in order to receive a profound analysis of their individual situation.

To shareholders who are not residents of Germany but who have a German-based permanent establishment or a permanent representative to which or to whom the shares are attributable apply the same rules as to shareholders who are residents of Germany.

B. Taxation of capital gains

1. Taxation of capital gains ref. shareholder who are residents of Germany

a. Shares held for private purposes

An individual will be subject to income tax plus solidarity surcharge thereon on half of the capital gains from the disposal of shares if the shares are sold within one year after their acquisition respectively after the point of time that is regarded equal to an acquisition. If the gains from the disposition of assets (including shares and other assets such as, for example, real estate) do not exceed EUR 512 in one taxation period, the capital gains are tax free.

In the taxation period they arise, capital losses from the disposition of assets (50 % of the capital losses from the disposition of shares) can be offset to capital gains from the disposition of assets but not to other sources of income. Remaining losses may be offset in subsequent years, but only to capital gains and not to other sources of income.

Regardless of the holding period, an individual will also be subject to income tax plus solidarity surcharge thereon on half of the capital gains from the disposal of shares if the shareholder (or in case of a gratuitous transfer its predecessor) at any time during the five years preceding the sale held, directly or indirectly, at least 1 % of the issued share capital of ORCO Germany S. A. Correspondingly, only half of a loss from the sale of shares and half of the expenses related to the sale of shares are deductible.

b. Shares held for business purposes

If shares are held for business purposes, the taxation is dependent on the fact if the shareholder is a corporation (*Körperschaft*), a sole trader (*Einzelunternehmer*) or a partnership (*Personengesellschaft, Mitunternehmerschaft*) regarded as exercising a trade business.

aa. Corporations

Capital gains from the disposal of shares by corporate shareholders are generally tax free regardless of the amount and the period of holding. However, 5 % of the gains will be deemed non-deductible business expenses and are thus subject to corporate income tax, solidarity surcharge thereon and trade tax (if the shares are attributable to a German-based permanent establishment regarded as a trade business) so that effectively 95 % of the gains are tax-exempt.

Losses from the disposal of shares are not deductible.

Special rules do apply to banks, financial service companies, financial companies, certain insurance companies and pension funds.

bb. Sole traders

Only half of the capital gains from the disposal of shares by a sole trader are subject to income tax plus solidarity surcharges thereon, correspondingly, only half of a loss and expenses related to capital gains are deductible.

If the capital gains have to be qualified as belonging to a German-based permanent establishment regarded as a trade business, half of the capital gains are subject to trade tax. Trade tax is fully or partly credited to the income tax of the sole trader, dependent on its individual taxation conditions.

Capital gains from the disposal of shares in corporations can be – under certain conditions and time restrictions – deducted from the acquisition of certain assets (including shares) up to an amount of EUR 500,000.

cc. Partnerships

If the shareholder is a partnership, income or corporate income tax plus solidarity surcharge thereon are only levied at the level of the partners. If the partner is a corporation, the capital gain is principally tax free to 95 %

(see above aa. “Corporations”). If the partner is an individual, only half of the capital gains are subject to income tax plus solidarity surcharge thereon (see above bb. “Sole trader”).

Furthermore, 5 % of the capital gains attributable to partners subject to corporate income tax and half of the capital gains attributable to partners subject to income tax are subject to trade tax if the shares are to be qualified as belonging to a German-based permanent establishment regarded as a trade business. As far as individuals are partners, trade tax is fully or partly credited to the income tax, dependent on the specific taxation circumstances of the individual.

The same effects occur for dividend income if the related shares are owned by a partner of a partnership with a German-based permanent establishment regarded as a trade business and are attributable to the business assets for special tax purposes (*Sonderbetriebsvermögen*) of the partner at the partnership.

2. Taxation of capital gains ref. shareholders who are not residents of Germany

Capital gains from the disposal of shares by an individual shareholder who is not a resident of Germany are only subject to German income tax plus solidarity surcharge thereon if the shares are held as an asset attributable to a German-based permanent establishment or a permanent representative. In this case, half of the capital gains are subject to income tax plus solidarity surcharge thereon. If the shares are attributable to a German-based permanent establishment regarded as a trade business, half of the capital gains are also subject to trade tax.

Capital gains from the disposal of shares in an non-German company by corporations who are not residents of Germany are not subject to German corporate income or trade tax. If the shares are attributable to a German-based permanent establishment regarded as a trade business, 5 % of the capital gains are subject to German corporate income and trade tax. Losses from the disposal of shares are not deductible.

The taxation of a foreign shareholder is dependent on the laws of the country the shareholder is a resident of and a relevant double tax treaty between this country and Luxembourg. Shareholders holding their interests as a foreign business asset are recommended to consult their own professional advisors in order to receive a profound analysis of their individual situation.

C. New tax legislation for the taxation of dividends and capital gains

Due to the German tax reform 2008, several changes referring the taxation of dividends and capital gains will become effective from 2009. The following considerations provide an overview of these changes.

1. Taxation of capital gains ref. shareholders who are residents of Germany

a. Shares held for private purposes

Effective 1 January 2009, dividends and all short term or long-term capital gains (regardless of the holding period) on the disposition of shares realized by individuals as non-business income will be subject to a flat withholding tax of 25 % plus 5.5 % solidarity surcharge thereon. The taxpayer will be able to choose to accept the withholding tax as a final tax on these income items or, if its personal tax rate is lower, include the income in its tax return with a credit for the flat withholding tax paid. This new rules do not apply to the taxation of capital gains on shares acquired prior to 1 January 2009.

The flat tax will be levied at source and construed like the current German withholding tax on interest paid out by financial institutions.

From 2009, individuals will be granted a savings lump sum amount of EUR 801 for unmarried and EUR 1,602 for married persons. The deduction of actual expenses will not be permitted.

In the period they arise, capital losses from the disposition of shares may only be offset to gains from the disposition of shares. Remaining losses may be offset in subsequent years, but only to capital gains from the disposition of shares.

If a shareholder (or in case of a gratuitous transfer its predecessor) at any time during the five years preceding the sale held, directly or indirectly, at least 1 % of the issued share capital of ORCO Germany S. A., the flat tax

will not apply. For those gains, the current exemption of 50 % from taxable income will be reduced to 40 %. Correspondingly, 60 % of related expenses will be deductible.

b. Shares held for business purposes

If shares are held for business purposes, the taxation is dependent on the fact if the shareholder is a corporation (*Körperschaft*), a sole trader (*Einzelunternehmer*) or a partnership (*Personengesellschaft, Mitunternehmerschaft*) regarded as exercising a trade business.

aa. Corporations

There will be no changes for corporations.

bb. Sole traders

60 % (instead of 50 %) of the dividend income and capital gains from the disposal of shares by a sole trader will be subject to income tax plus solidarity surcharge thereon. Correspondingly, 60 % of related expenses will be deductible. If the shares are attributable to a German-based permanent establishment regarded as a trade business, 60% of the capital gains will also be subject to trade tax.

cc. Partnerships

If the shareholder is a partnership, income or corporate income tax plus solidarity surcharge thereon are only levied at the level of the partners. If the partner is a corporation, there will be no changes. If the partner is an individual, the tax exempt portion of dividend income and capital gains will be reduced from 50 % to 40 %, correspondingly, 60 % of related expenses will be deductible. (see above bb. “Sole trader”). In certain cases and only if requested, a special income tax rate of 28.25 % may be applicable to the profit that is retained in the partnership (effective 1 January 2008).

Furthermore, 5 % of the capital gains attributable to partners subject to corporate income tax and 60 % of the capital gains attributable to partners subject to income tax are subject to trade tax if the shares are held as an asset in a German-based permanent establishment regarded as a trade business. As far as individuals are partners, trade tax is fully or partly credited to the income tax, dependent on the specific taxation circumstances of the individual.

2. Taxation of dividends and capital gains ref. shareholders who are not residents of Germany

a) Dividends

Shareholders (individuals or corporations) who are not residents of Germany and who have no German-based permanent establishment or permanent representative to which or to whom the shares are attributable are not taxable in Germany.

To shareholders who are not residents of Germany but who have a German-based permanent establishment or a permanent representative to which or to whom the shares are attributable, the same rules apply as to shareholders who are residents of Germany.

b) Capital gains

Capital gains from the disposal of shares by an individual shareholder who is not a resident of Germany are only subject to German income tax plus solidarity surcharge thereon if the shares are held as an asset attributable to a German-based permanent establishment or to a permanent representative. In this case, 60 % of the capital gains are subject to income tax plus solidarity surcharge thereon. If the shares are attributable to a German-based permanent establishment regarded as a trade business, 60% of the capital gains are also subject to trade tax.

Capital gains from the disposal of shares by corporations who are not residents of but limited taxable in Germany are generally tax-free. If the shares are attributable to a German-based permanent establishment regarded as a trade business, 5 % of the capital gains are also subject to trade tax. Losses from the disposal of shares are not deductible.

The taxation of a foreign shareholder is dependent on the laws of the country the shareholder is a resident of and a relevant double tax treaty between this country and Luxembourg. Shareholders holding their interests as a foreign business asset are recommended to consult their own professional advisors in order to receive a profound analysis of their individual situation.

D. Special rules for banks, financial service companies, finance companies, life insurance companies and pension funds

As far as German banks and financial service companies hold shares in ORCO Germany S. A. which are attributable to the account book (*Handelsbuch*) as to Sec. 1 Par. 12 of the Credit Service Act (*Kreditwesengesetz*), dividend income is fully subject to corporate income tax plus solidarity surcharge thereon.

This also applies to German branch offices of banks, financial service companies and finance companies who have their seats in another member state of the European Union or in a member state of European Economic Area. Furthermore, these regulations also apply to shares of ORCO Germany S. A. which are held by German life insurance and health insurance companies or pension funds as far as the shares are held as a financial investment.

E. Inheritance and gift tax

The transfer of shares by means of inheritance or gifts is subject to German inheritance and gift tax only if one of the following circumstances applies:

(i) the testator, donor, heir, done or any other beneficiary has his or her residence or habitual abode in Germany at the time of the transfer; or

(ii) regardless of the personal circumstances listed above, the testator's or donor's shares belong to a business asset attributable to a permanent establishment in Germany or to a business asset for which a permanent representative has been appointed in Germany.

The few currently applicable inheritance and gift taxation treaties to which Germany is a party generally provide that German inheritance or gift tax is levied only in case (i) and, with certain restrictions, in case (ii). Special regulations apply to certain German expatriates and former German citizens.

F. Other German taxes

No German stock exchange transfer tax, value added tax, stamp duty or similar tax is levied on the acquisition, the sale or other disposal of shares. Under certain circumstances an entrepreneur may opt to have value added tax levied on a transaction involving the disposal of shares when such transaction is executed for the enterprise of another entrepreneur. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

5. CONDITION OF THE OFFER

The subject of this Securities note is the admission to listing and trading of 48,771,333 no-par bearer Shares on the main market (*Geregelter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to the sub-segment thereof with additional obligations arising from admission (Prime Standard).

6. ADMISSION TO THE NEGOCIATION ON THE GEREGELTER MARKT

It is intended to admit all currently listed Shares and further 10,600,000 Shares, of not yet listed i.e. a total of 48,771,333 shares to listing and trading on the main market (*Geregelter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and to the sub-segment thereof with additional obligations arising from admission (Prime Standard).

<table>
<tr>
<td>Issuer

ORCO Germany S.A.
48, boulevard Grande-Duchesse Charlotte,
L-1330 Luxembourg

Phone: +35 226 476 71</td>
<td>Listing Agent

Silvia Quandt & Cie. Capital Markets AG
Grüneburgweg 18,
60322 Frankfurt am Main
Germany

Phone: +49 699 592 909 330</td>
</tr>
<tr>
<td>Independent Auditor to the Issuer

PricewaterhouseCoopers S.à r.l.
400, route d’Esch,
L-1471 Luxembourg</td>
<td>Legal Adviser to the Issuer

Von Kenne & Dietrich Partnerschaft
Kennedyallee 1-5,
53175 Bonn
Germany</td>
</tr>
</table>