



*A public limited liability company (société anonyme)*

with an issued share capital of €47,714,166.25 and an authorised share capital of €150,000,000.00

Registered Office: 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg  
Luxembourg trade and companies register number B 102254

## **SECURITIES NOTE AND SUMMARY DATED MAY 24, 2007**

### **Issue of €100,100,052 five year bonds with redeemable warrants attached.**

Orco Germany S.A., a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”), having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg and registered with the Luxembourg companies and trade register under number B 102254 (“**Orco Germany**”, the “**Company**” or the “**Issuer**”) proposes to issue €100,100,052 five year bonds (the “**Bonds**”) with redeemable warrants attached thereto (the “**Warrants**” and as long as attached to the Bonds, together the “**Bonds with Warrants**”) on May 30, 2007.

The issue will be represented by 148,077 Bonds with 9,328,851 Warrants attached (hereinafter the “**Issue**”).

This document comprises a securities note (the “**Securities Note**”) and a summary (the “**Summary**”) relating to the Bonds with Warrants. The Securities Note, the Summary and the registration document dated May 24, 2007 and relating to the Issuer (the “**Registration Document**”) together constitute a prospectus (the “**Prospectus**”).

**Application has been made for listing the Bonds and the Warrants on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF. The Euro MTF is not a regulated market pursuant to the provisions of Directive 2004/39/EC.**

Copies of the Securities Note, the Summary and the Registration Document will be available in printed form, free of charge:

- at the registered office of the Company:  
Orco Germany S.A., 48, boulevard Grande-Duchesse Charlotte L-1330, Luxembourg  
Telephone number: +352 26 47 67 1  
Email: [lleroi@orcogroup.com](mailto:lleroi@orcogroup.com)  
Email: [rbormann@orcogroup.com](mailto:rbormann@orcogroup.com)
- at the registered office of the Warrant Agent and Paying Agent (all as defined in the Summary)  
BNP Paribas Securities Services Luxembourg Branch, 33, rue Gasperich Howald, Hesperange L-2035, Luxembourg

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

Arranger



Co-arranger

Central Europe Offering

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No person is or has been authorised to give any information or make any representations other than those contained or incorporated in this Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorised by Orco Germany. Neither the delivery of this Prospectus nor any offering or sale made under it shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Issuer's Group (as defined in the Summary of the Prospectus in Section B. Placement) since the date of this document or that the information in or incorporated in this Prospectus is correct as of any subsequent time.

This Prospectus does not constitute or form part of an offer to sell, or solicitation of an offer to subscribe for, Bonds with Warrants attached, the Bonds and/or Warrants to any person in the United States or in any jurisdiction to whom or in which such offer or solicitation is unlawful.

The distribution of this Prospectus and the offer of the Bonds with Warrants, the Bonds and/or the Warrants in certain jurisdictions may be restricted by law. No action has been taken by ORCO Germany to a permit or public offering of the Bonds with Warrants, the Bonds and/or the Warrants or to permit the possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required. Persons into whose possession this Prospectus comes should observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The contents of this Prospectus should not be construed as legal, business or tax advice. Each prospective investor should consult his or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

## **SUMMARY OF THE PROSPECTUS**

The following information is in summary form and should be read as an introduction to this Prospectus and is not complete and is taken from, and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in or incorporated in this Prospectus. Prospective investors should read, and any decision to invest in the Bonds with Warrants attached, the Bonds and/or the Warrants should be based on consideration of, this entire document including the section "Risk Factors", which discusses certain risk factors which might affect the holding of the Bonds with Warrants attached, the Bonds and/or the Warrants, and not on the following summary information.

Where a claim relating to the information contained in or incorporated in this Prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of that Member State where the claim is brought, be required to bear the costs of translating this Prospectus or documents incorporated in this Prospectus before legal proceedings are initiated.

### **A. MAIN CHARACTERISTICS OF THE ISSUE OF BONDS WITH WARRANTS AND PROVISIONAL TIMETABLE**

#### *Context*

The Company intends to use the net proceeds of the issue of Bonds with Warrants for general corporate purposes within the scope of the corporate object of the Company.

#### *Main characteristics of the Bonds with Warrants*

Issue	€100,100,052 fixed rate Bonds due 2012 together with 9,328,851 Warrants issued by the Company (the " <b>Issue</b> ").
Issuer	Orco Germany S.A., <i>société anonyme</i> , having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg and registered with the Luxembourg companies and trade register under number B 102254
Legal form	A public limited liability company ( <i>société anonyme</i> ), incorporated under the laws of Luxembourg.
Share capital	Issued share capital €47,714,166.25, divided into 38,171,333 ordinary shares (the " <b>Shares</b> ", each a " <b>Share</b> ") Authorised share capital €150,000,000.00
FTSE activity segment	862 - Real Estate Holding and Development
Issue Date	The Bonds with Warrants will be issued on May 30, 2007 ("the <b>Issue Date</b> ").
Maturity of the Bonds	The Bonds will mature on May 30, 2012 (the " <b>Maturity Date</b> ").
Aggregate principal amount of the Issue	€100,100,052
Redemption Amount of the	The Bonds shall be redeemed after 5 years on the Maturity Date:

Bonds	<p>a) If ORCO Germany achieves the listing of its Shares on a market regulated pursuant to the provisions of Directive 2004/39/EC (a “<b>Regulated Market</b>”) before May 30, 2009 excluded, the redemption price of the Bonds will be:</p> <ul style="list-style-type: none"> <li>○ at par, that is €676 per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Warrants,</li> <li>○ at 125% of par, that is 845 € per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is lower than the Exercise Price of the Warrants.</li> </ul> <p>b) If ORCO Germany does not achieve the listing of its Shares on a Regulated Market before May 30, 2009 excluded, the redemption price of the Bonds will be:</p> <ul style="list-style-type: none"> <li>○ at 110 % of par, that is 743.60 € per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Warrants,</li> <li>○ at 125% of par, that is 845 € per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is lower than the Exercise Price of the Warrants.</li> </ul> <p>The “<b>Relevant Stock Exchange</b>” means, in relation to the Shares, the Open Market of the Frankfurt Stock Exchange or the Regulated Market as soon as Orco Germany achieves the listing of its Shares on a Regulated Market; and means, in relation to the Bonds and the Warrants, the Euro MTF market of the Luxembourg Stock Exchange or the most liquid market on which the Bonds and/or the Warrants are listed and admitted to trading if for any reason the Bonds and/or the Warrants are not anymore listed and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.</p>
Form and Denomination of the Bonds	The Bonds are issued in registered form in denominations of €676 and multiples thereof.
Issue Price of the Bonds with Warrants	The issue price of the Bonds with Warrants (the “ <b>Issue Price</b> ”) is 100% of their principal amount (€676 per Bond). The Subscribers (as defined below in section B. <i>Placement</i> ) may subscribe the Bonds together with 63 Warrants attached to each Bond for a unit price of €676.
Status of the Bonds	The Bonds constitute direct, unsubordinated and unsecured obligations of Orco Germany and shall rank <i>pari passu</i> with all present and future unsecured and unsubordinated obligations of the Company, except for obligations given priority by law.
Negative Pledge	The terms and conditions of the Bonds contain a negative pledge provision in respect of the Company relating to certain types of indebtedness, as more fully described in Condition 4.1.5.2.
Further bond issues	The Company undertakes not to issue further bonds (a) that may, for any

	reason other than an event of default, be redeemable partly or fully or mature before May 30, 2012 and/or (b) ranking senior to the Bonds, until the redemption of all outstanding Bonds.
Interest	Interest will be paid annually in arrears on May 30, in each year (each an “ <b>Interest Payment Date</b> ”), for the first time on May 30, 2008. Interest will be paid at the fixed rate of 4.00 <i>per cent. per annum</i> . Interest will accrue on the principal amount of the Bonds. An additional interest amount shall be paid according to Condition 4.1.7.1. Accrued interests at the fixed rate and any additional interest amount shall together be referred to as “ <b>Interest</b> ”.
Cross Default	The terms and conditions of the Bonds contain a cross default provision in relation to the Company and its Principal Subsidiaries (as defined in Condition 4.1.8.4) in respect of indebtedness for borrowed money exceeding €1,000,000.00 or its equivalent in any other currency or currencies.
Other Events of Default	The Bonds are subject to certain other customary Events of Default (as defined in Condition 4.1.8.4). If the Bonds become due and payable following an Event of Default, the Bonds will be redeemable at 125% of par, together with Interest.
Early Redemption at the Option of the Issuer	Subject to one month notice to the holders of the Bonds (“ <b>Bondholders</b> ”) before the early redemption date, the Company may decide to redeem the Bonds in whole or in part at 125% of par, that is €845 on any Interest Payment Date (the “ <b>Early Redemption Date</b> ”), together with Interest accrued during the Interest Period ended on the Early Redemption Date.
Early Redemption at the Option of Bondholders	Upon a Change of Control (as defined in Condition 4.1.8.1.2.2) in relation to the Company, each Bondholder will have the right to require the Company to redeem its respective Bonds at 125% of par, that is €845, together with Interest.
Paying Agent	The Issuer has appointed BNP Paribas Securities Services, a public limited liability company (société anonyme) existing under the laws of France, having its registered office at 3, rue d'Antin 75002 Paris (France), registered with the Paris Trade and Companies Register under the registration number RCS Paris 552 108 011, acting through its Luxembourg Branch, BNP Paribas Securities Services, established at 33 rue de Gasperich, Howald-Hesperange, L 2085 Luxembourg, registered with the Luxembourg Trade and Companies Register under the registration number B 86 862 (“ <b>BPSS</b> ”) as the initial paying agent (the “ <b>Paying Agent</b> ”).
Form of the Warrants	The Warrants are in registered form.
Exercise Ratio of the Warrants	Each Warrant entitles initially the holder to acquire and/or subscribe to 1 Share (the “ <b>Exercise Ratio</b> ”) at the Exercise Price (as defined below). The Exercise Ratio is subject to adjustments as described in Condition 4.2.2.4..
Exercise Price of the Warrants	<p>a) From the Issue Date up to September 30, 2007 (included): €16.90 to be paid in cash;</p> <p>b) From October 1st, 2007 (included) up to the end of the Exercise Period (as defined below):</p> <p>(1) €16.90 to be paid in cash if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange), of the products (i) of the closing price of the Share over the stock exchange trading sessions from the Issue Date up to September 30, 2007 and (ii) of the Exercise Ratio applicable during the said stock exchange trading sessions (the “<b>Reference Share Price</b>”) is equal to or greater than €13.52;</p> <p>(2) 125% of the Reference Share Price (rounded to the nearest 100<sup>th</sup>, 0.005 being rounded to the next highest 100<sup>th</sup>) if the Reference Share Price is lower than €13.52.</p> <p>(the “<b>Exercise Price</b>”).</p> <p>However;</p> <ul style="list-style-type: none"> <li>o if ORCO Germany achieves the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N1 (as defined below) Warrants exercised, Warrantholders may pay for their</li> </ul>

- subscription of €676 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €676 plus (ii) the amount A1 (as defined below) in cash;
- if ORCO Germany does not achieve the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N2 Warrants exercised, Warranholders may pay for their subscription of €743.60 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €743.60 plus (ii) the amount A2 (as defined below) in cash;
  - upon a Change of Control (as defined in Condition 4.1.8.1.2.2) in relation to the Company, for every N3 Warrants exercised, Warranholders may pay for their subscription of €845 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €845 plus (ii) the amount A3 (as defined below) in cash.

The numbers of Warrants (N1, N2 or N3) that may be exercised by the sale to the Company of one Bond shall be determined according to the below formulas being rounded up to the highest whole number of Warrants:

$$N1 = \frac{\text{€676}}{\text{Exercise Price}}$$

$$N2 = \frac{\text{€743.60}}{\text{Exercise Price}}$$

$$N3 = \frac{\text{€845}}{\text{Exercise Price}}$$

The amounts (A1, A2 or A3) that shall be paid in euros in addition to the sale to the Company of one Bond shall be determined according to the below formulas being rounded to the nearest 100<sup>th</sup> (0.005 being rounded up to the next highest 100<sup>th</sup>):

$$A1 = (\text{Exercise Price} \times N1) - \text{€676}$$

$$A2 = (\text{Exercise Price} \times N2) - \text{€743.60}$$

$$A3 = (\text{Exercise Price} \times N3) - \text{€845}$$

Exercise Period of the Warrants	The Warrants may be exercised at any time from and including the Issue Date up to the May 30, 2014 (the “ <b>Exercise Period</b> ”).
Transferability of the	The Warrants may be transferred and traded from the Issue Date.

Warrants	
Number of Warrants	63 Warrants are initially attached to each Bond.
Term of the Warrants	7 years as of May 30, 2007.
Redemption of Warrants at the Issuer's option	<p>a) If ORCO Germany achieves the listing of its Shares on a Regulated Market before November 30, 2007 excluded, on giving notice (which notice shall be irrevocable) to the Warrantholders, the Issuer may at any time on or after May 30, 2010 up to the end of the Exercise Period redeem all or part of the outstanding Warrants at a price of €0.01 per Warrant, provided that the products (1) of the closing prices of the Shares and (2) of the Exercise Ratio in force on each of these Dealing Days of not less than 20 Dealing Days during the period of 30 consecutive Dealing Days ending not earlier than the 14th Dealing Day prior to the date on which the relevant notice of redemption is given to Warrantholders, exceed 150% of the Exercise Price.</p> <p>b) If ORCO Germany does not achieve the listing of its Shares on a Regulated Market before November 30, 2007 excluded, on giving notice (which shall be irrevocable) to the Warrantholders, the Issuer may at any time on or after the 913th day following the listing of its Shares on a Regulated Market up to the end of the Exercise Period redeem all or part of the outstanding Warrants at a price of €0.01 per Warrant, provided that the products (1) of the closing prices of the Shares and (2) of the Exercise Ratio in force on each of these Dealing Days of not less than 20 Dealing Days during the period of 30 consecutive Dealing Days ending not earlier than the 14th Dealing Day prior to the date on which the relevant notice of redemption is given to Warrantholders, exceed 150% of the Exercise Price.</p> <p>A "<b>Dealing Day</b>" is a day (other than a Saturday or Sunday) on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to, or does, close prior to its regular weekday closing time) and Clearstream Banking A.G., Frankfurt am Main ("<b>Clearstream, Frankfurt</b>"), Clearstream Banking Luxembourg, <i>société anonyme</i> ("<b>Clearstream, Luxembourg</b>" or "<b>Clearstream</b>") and Euroclear Bank S.A./N.V. ("<b>Euroclear Bank</b>") operate.</p>
Record date ( <i>date de jouissance</i> ) of the Shares delivered as a result of the exercise of Warrants (as far as the right to dividends is concerned)	First day of the financial year during which the exercise request and the payment of the Exercise Price of the Warrants occur.
Warrant Agent	The Issuer has appointed BPSS as the initial Warrant Agent which will initially assume the security service of the Warrants (the " <b>Warrant Agent</b> "). A warrant agent shall be maintained in Luxembourg as long as there will be outstanding Warrants.
Distribution Agent, Share Agent	The Issuer has appointed BNP Paribas Securities Services S.A. – Zweigniederlassung Frankfurt am Main, having its registered office at Grueneburgweg 14, D660322 Frankfurt am Main, Germany, registered with the <i>Registergericht Frankfurt am Main HR B 50955</i> , as the initial distribution agent (the " <b>Distribution Agent</b> ") and as share agent (the " <b>Share Agent</b> ").
Admission to trading of the Bonds and the Warrants	Application has been made for the Bonds and the Warrants to be listed on the Luxembourg Stock Exchange and admitted to trading on the Euro TMF.
ISIN – Mnemonic code of the Shares	LU0251710041 - 025171004
ISIN code – common code of the Bonds	XS0302623953 - 030262395
ISIN code – common code of the Warrants	XS0302626899 - 030262689

## **B. TERMS OF THE ISSUE OF BONDS WITH WARRANTS**

### *Restrictions*

There are no restrictions to the free transfer of the Bonds.

There are no restrictions to the free transfer of the Warrants.

### *Placement*

The Bonds with Warrants are issued exclusively to investors (the “**Subscribers**”) who have irrevocably undertaken to the Company to subscribe to 148,077 Bonds with 63 Warrants each. Bonds with Warrants have not been subject to any preferential subscription right of the existing shareholders which was cancelled for the purpose of the Issue. Subscribers who do not wish to keep all the Warrants which were originally upon issue attached to the Bonds with Warrants so subscribed, have made their undertakings to subscribe to Bonds with Warrants subject to the repurchase of 6,219,234 of the Warrants which were originally upon issue attached to the Bonds with Warrants thus acquired on the Issue Date.

The Subscribers will sell 6,219,234 of the Warrants attached to the Bonds so subscribed at an average unit price of €1.45 to Central European Real Estate Management S.A., a public limited liability company (*société anonyme*), incorporated under the laws of Luxembourg, having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg and registered with the Luxembourg companies and trade register under number B 101753, an Orco Property Group subsidiary (“**CEREM**”) with the undertaking of the Company to substitute itself to CEREM in case of default of CEREM to perform its obligations towards the Subscribers.

CEREM will then offer to less than one hundred managers bound to a company of the Issuer’s Group by an employment agreement or appointed as authorized company representatives within the Issuer’s Group (the “**Beneficiary Managers**”) and business partners (the “**Beneficiary Partners**”) of the Issuer’s Group, 6,219,234 Warrants at a unit price of €1.45.

In the event where all the Warrants initially purchased by CEREM from the Subscribers are not purchased by the Beneficiary Managers and/or the Beneficiary Partners, the unsold Warrants will be purchased either by (i) Orco Immobilien GmbH (an Orco Germany subsidiary), a private limited liability company (*société à responsabilité limitée / Gesellschaft mit beschränkter Haftung*), incorporated under the laws of Germany, having its registered office at Zionskirchstrasse 71, D-10119 Berlin and registered at the commercial register of the local court (Amtsgericht) of Berlin-Charlottenburg under number HRB 97345 B, duly represented by Mr. Martin Wilke acting as manager (“**Orco Immobilien**”) at a unit price of €1.45 per Warrant, or (ii) the Company at the same price and cancelled immediately thereafter.

“**Orco Property Group**” means Orco Property Group S.A., a public limited liability company (*société anonyme*), incorporated under the laws of Luxembourg, having its registered office at 48, boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg and registered with the Luxembourg companies and trade register under number B.44996.

“**Issuer’s Group**” means Orco Property Group, Orco Germany and any company which is controlled by Orco Property Group or Orco Germany within the meaning of IAS 27 as defined in the Commission Regulation (EC) No 2238/2004.

A “**Business Day**” shall mean any day (other than a Saturday or Sunday) on which banks are open for general business in Luxembourg and on which the Trans-European Automated Real-time Gross settlement Express Transfer system (“**TARGET**”) or any other successor system operates.

### *Dilution*

The table below summarizes the consequence of the exercise of the Warrants for a Shareholder owning 1% of the share capital of the Company prior to the Issue, calculated on the basis of the number of Shares existing on the date of the last capital statement and assuming only new Shares are delivered to the Warrantholders:

	Shareholder’s stake
Before issue of the Bonds with Warrants	1.00%
After exercise of 9,328,851 Warrants	0.80%

### C. BASIC INFORMATION CONCERNING ORCO GERMANY AND ITS FINANCIAL STATEMENTS

#### Basic information

Orco Germany and its subsidiaries are a real estate group with a growing portfolio located in Germany. It is principally involved in leasing out investment property under operating leases as well as in the development of properties for its own portfolio or intended to be sold in the ordinary course of business. During the year 2006, the Group has substantially focused on growing its property portfolio with completion of acquisitions and signature of firm commitments to buy in Berlin.

#### Selected financial data

The selected financial information below was extracted without material adjustments from the audited consolidated financial statements of the Issuer as at and for the years ended December 31, 2005 and December 31, 2006, and from the unaudited condensed consolidated interim financial information for the period ended June 30, 2006 prepared in accordance with International Financial Reporting Standards (“IFRS”):

In thousand €	December 31, 2004	December 31, 2005	December 31, 2006	June 30, 2006 (unaudited)
Revenues	0	291	73,762	469
Operating result	-24	5,698	27,011	18,806
Profit before income taxes	-24	5,366	24,260	18,328
Net profit attributable to the Group	-24	3,041	21,945	18,622
Shareholder's equity	7	6,517	134,003	47,699
Bonds & financial debts	169	8,490	111,322	89,840
Cash & cash equivalents	-	553	45,948	17,055
Total Assets	346	20,539	346,752	194,999

### D. SUMMARY OF THE MAIN RISK FACTORS

Investors are invited to take into consideration the risks described below before deciding to invest in the Bonds with Warrants, and/or in the Bonds and/or in the Warrants:

- the risks arising from the Bonds, the Warrants and the Shares are described in section 2.2. “*Risks associated with the Issue*” and include:
  - the possible modification of the conditions applicable to the Bonds or the Warrants,
  - the possibility to incur additional debt,
  - the risks related to the secondary market generally,
  - in the event of a substantial fall in the market price of the Shares, the Warrants may lose their value,
  - the risk of losing the investment in the Warrants,
  - unsecured obligations,
  - complex instruments,
  - returns on the Shares may be limited to capital appreciation,
  - market price of the Shares may prove to be volatile,
  - the Shareholders could suffer a total loss in the value of their Shares in the event of the Company's insolvency,
  - legal and tax advice,
  - deduction at source;
- the risks relating to Orco Germany are described in the Registration Document in section V. *Risikofaktoren*.

The risks described above or any one of them, or any other risk, which the Issuer has not currently been able to anticipate or which has not been considered to be material by the Company, might have an adverse effect on the business, the financial situation, the results or the forecasts of the Company, or the market price of the Bonds, Shares or Warrants and on this issue of Bonds with Warrants.

### E. DIRECTORS AND MANAGEMENT

#### Members of the Board of Directors

Mr. Jean-François OTT, director, with professional address at 25, Rue Balzac, F-75406 Paris,  
Mr. Luc LEROI, director, with professional address at 48, Boulevard Grande-Duchesse Charlotte, L-1330, Luxembourg,

Mr. Nicolas TOMMASINI, director, with professional address at Přemyslovská 2845/43, 130 00 Praha 3, Czech Republic,  
Mr. Rainer BORMANN, director, residing at Eppinger Strasse 1, D-14195 Berlin.

*External auditors*

H.R.T. Révision S.à r.l., having its registered office in L-1526 Luxembourg, 23, Val Fleuri, R.C.S. Luxembourg B 51238 represented by Mr. Dominique RANSQUIN;  
PRICEWATERHOUSECOOPERS, having its registered office in L-1014 Luxembourg, 400, route d'Esch, R.C.S. Luxembourg B 65477 represented by Ms Anne-Sophie Preud'homme

**F. SHARE OWNERSHIP AND VOTING RIGHTS**

To the best of the Company's knowledge, the breakdown of capital of the Company as at December 31, 2006 is as follows:

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of capital</b>	<b>% of voting rights</b>
Orco Property Group	27,734,434	79.99%	79.99%
Management	2,772,017	7.99%	7.99%
Public.	4,164,882	12.02%	12.02%
<b>Total</b>	<b>34,671,333</b>	<b>100.00%</b>	<b>100.00%</b>

**G. PERSONS RESPONSIBLE FOR THE SUMMARY OF THE PROSPECTUS**

*Persons responsible for the Summary of the Prospectus*

Mr. Rainer Bormann and Mr. Luc Leroi, directors of ORCO Germany.

*Declaration by the person responsible for the Summary of the Prospectus*

Having taken all reasonable care to ensure that such is the case, we hereby declare that the information contained in this Summary is, to the best of our knowledge, in accordance with the facts.

Executed in Luxembourg, May 24, 2007

Rainer Bormann  
Director

Luc Leroi  
Director

## ***THE SECURITIES NOTE***

### ***1. PERSONS RESPONSIBLE FOR THE SECURITIES NOTE***

#### *1.1 Person responsible for the Securities Note*

Mr. Rainer Bormann and Mr. Luc Leroi, directors of Orco Germany.

#### *1.2 Declaration by the person 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, May 24, 2007

Rainer Bormann  
Director

Luc Leroi  
Director

#### *1.3 Persons responsible for the financial information*

Mr. Luc LEROI, director, with professional address at 48, Boulevard Grande-Duchesse Charlotte, L-1330, Luxembourg,

Mr. Nicolas TOMMASINI, director, with professional address at Přemyslovská 2845/43, 130 00 Praha 3, Czech Republic,

Mr. Rainer BORMANN, director, residing at Eppinger Strasse 1, D-14195 Berlin.

Tel: +352 26 47 67 1

Fax: +352 26 47 67 67

Email: [lloroi@orcogroup.com](mailto:lloroi@orcogroup.com)

Email: [rbormann@orcogroup.com](mailto:rbormann@orcogroup.com)

## **2. RISK FACTORS**

*Before making any investment decision, prospective investors are invited to read the detailed information set out elsewhere in this Securities Note. This section presents the main risk factors but is not intended to be exhaustive and prospective investors are required to reach their own views prior to making any investment decision. Most of the factors set out below are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

### *2.1 Risks associated with the Issuer*

The information concerning this section is supplied in the Registration Document (see in particular section V. Risikofaktoren of the Registration Document).

### *2.2 Risks associated with the Issue*

#### *2.2.1 Modification*

The terms and conditions of the Bonds and the Warrants contain provisions for calling meetings of the Bondholders and the holders of the Warrants (the “**Warrantholders**”) to consider matters affecting their interest. These provisions permit defined majorities to bind all Bondholders and Warrantholders including Bondholders and Warrantholders who did not attend and vote at the relevant meeting and Bondholders or Warrantholders who voted in a manner contrary to the majority.

#### *2.2.2 Possibility to incur additional debt*

There are no restrictions, other than the ones defined in section 4.1.5.3, concerning the amount of debt that the Issuer can issue or guarantee (and for the avoidance of doubt no tax restrictions). The Issuer and its subsidiaries and affiliated companies may issue other loans or grant guarantees relating to third party debts.

#### *2.2.3 Risks related to the secondary market generally*

Although application has been made to admit the Bonds and the Warrants to trading on the Relevant Stock Exchange and the Bonds and the Warrants have been accepted for clearing and settlement by Euroclear Bank and Clearstream, Bonds and Warrants have no established trading market when issued, and one may never develop.

If a market does develop for the Bonds and the Warrants, it may not be very liquid. Therefore, investors may not be able to sell their Bonds and their Warrants easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

There is no obligation to create a secondary market for the Bonds and the Warrants.

If the Warrants are admitted to trading and a market develops for the Warrants it could be subject to a higher degree of volatility than the Shares.

#### *2.2.4 In the event of a substantial fall in the market price of the Shares, the Warrants may lose their value*

The market price of the Warrants will depend on the market price of the Shares. A fall in the market price of the Shares could have an adverse effect on the value of the Warrants.

#### *2.2.5 Risk of losing the investment in the Warrants*

The Warrantholders who do not exercise their rights before the expiry of the Exercise Period shall lose their investment in the Warrants.

In addition if the price of the Shares on the Relevant Stock Exchange exceeds 150% of the Exercise Price, the Issuer may decide, according to the provisions of the section 4.2.1.11.2, to redeem all or part of the Warrants in circulation at the unit price of €0.01 unless their holders exercise them in accordance with the terms of this Securities Note.

#### *2.2.6 Unsecured obligations*

The Bonds will be direct, unconditional, unsubordinated and unsecured indebtedness of the Issuer.

#### *2.2.7 Complex instruments*

The Bonds, the Warrants and the Shares are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to

an overall portfolio. A potential investor should not invest in the Bonds, the Warrants and/or the Shares unless it has the expertise (either alone or with the help of a financial adviser) to evaluate: (i) how they will perform under changing conditions, (ii) the resulting effects on the value of such Bonds, Warrants and/or Shares and (iii) the impact this investment will have on the potential investor's overall investment portfolios.

An investor in the Bonds and/or the Warrants will not be a Shareholder. No Bondholder or Warrantholder will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to any Shares until such time, if any, as it exercises any Warrant and becomes the holder of Shares.

*2.2.8 Returns on the Shares may be limited to capital appreciation.*

The payment of dividends is subject to the discretion of the board of directors of the Company (the “**Board of Directors**”). If the Board of Directors decides not to declare and pay dividends, then returns on investments in the Shares in the foreseeable future will be limited to capital appreciation, if any, and the ability of Shareholders to realise any such returns may be limited by perennial illiquidity in the trading market for the Shares.

*2.2.9 The market price of the Shares could prove to be volatile.*

The market price of the Shares depends to a large extent on the value of the Company's real estate portfolio. After the Issue, the price of the Shares may be subject to volatility due in particular to variations in the Company's actual or forecasted operating results, changes in profit forecasts or a failure to meet the profit expectations of securities analysts, a decrease in the market value of the Company's portfolio, general economic conditions and other factors. The general volatility of share prices, in particular within the real estate sector, may also lead to price pressure on the Shares without necessarily a reason for this in the business or the earnings outlook of the Company.

*2.2.10 The Shareholders could suffer a total loss in the value of their Shares in the event of the Company's insolvency.*

In the event of insolvency of the Company, its financial and trade creditors will be entitled to receive payment from the Company's assets before any assets are distributed to its shareholders. Most of the Company's properties have been pledged as collateral for debt financing and are encumbered with mortgages. If the Company were to be declared bankrupt, there is a high likelihood that all or substantially all of the Company's assets would be used to satisfy claims of its creditors and investors in Shares would suffer a partial or complete loss of their investment.

*2.2.11 Legal and tax advice*

Potential investors are invited to consult their own advisors regarding the legal, tax, accounting and related aspects of investing in the Bonds with Warrants, the Bonds, the Warrants and the Shares.

*2.2.12 Deduction at source*

Under the laws of Luxembourg in force at the date of issue of the Bonds with Warrants, payments of principal and interest in respect of the Bonds with Warrants, the Bonds and the Warrants will not be subject to any withholding of or deduction for taxation at source in Luxembourg, with the possible exception of payments made to Luxembourg individuals and to individuals or residual entities in the meaning of the Savings Directive, resident or established in a EU Member State (other than Luxembourg) or in certain EU dependent territories. Dividends with respect to the Shares will generally be subject to Luxembourg withholding tax at a rate of currently 15% of the gross dividends. This withholding tax may be reduced or eliminated pursuant to an applicable tax treaty or pursuant to Luxembourg domestic tax rules.

All payments in respect of the Bonds with Warrants, the Bonds, the Warrants and the Shares by the Company will be made without withholding or deduction for taxation at source, unless such withholding or deduction is required to be made by law. In such event, the Company will not, save in circumstances provided in sections 4.1.14 and 4.2.1.15, be required to pay additional amounts to cover the amounts so deducted.

### **3. BASIC INFORMATION**

#### *3.1 Interest of persons involved in the Issue*

The Bonds with Warrants are exclusively subscribed by the Subscribers and the principal Shareholders shall not take part therein. The Beneficiary Managers and the Beneficiary Partners shall have the option to acquire some of the Warrants which have been detached from the Bonds with Warrants initially subscribed by the Subscribers, to which the shareholders of the Company (the “**Shareholders**”) have waived their preferential subscription right, and subsequently sold by the Subscribers to CEREM.

Out of a total of 6,219,234 Warrants offered to the Beneficiary Managers and the Beneficiary Partners, 5,097,311 shall be offered to three of the Company's corporate officers, including Mr. Rainer Bormann and Mr. Jean-François Ott through Orco Holding who respectively hold 6.16 % and 1.00 % of the Shares Orco Germany. 559,731 Warrants shall be offered to Augustin Capital Management limited and 62,192 Warrants shall be offered to an investment subsidiary of Central Europe Offering.

#### *3.2 Use of proceeds*

##### *3.2.1 Issuance Proceeds*

The proceeds of the Issue will amount to €100,100,052 (one hundred million one hundred thousand and fifty two euros). The net issuance proceeds, after deduction from the proceeds of the Issue of approximately €2,000,000 corresponding to the fees due to advisors and the financial intermediaries and to the sundry publishing and administrative costs, shall amount to approximately €98,100,052 (the “**Net Issuance Proceeds**”).

##### *3.2.2 Use of the Net Issuance Proceeds*

The Company intends to use the net proceeds for general corporate purposes within the scope of the corporate object of the Company.

## **4. INFORMATION CONCERNING THE BONDS WITH WARRANTS ISSUE**

### **4.1 TERMS AND CONDITIONS OF THE BONDS**

#### *4.1.1 Nature and category of the bonds to be admitted to trading*

The Bonds are securities for which an application has been made for listing on the Luxembourg Stock Exchange and admission to trading on the Euro MTF market. The Bonds are issued on the Issue Date with the Warrants attached thereto. The Warrants will be detached from the Bonds immediately after the issue of the Bonds with Warrants. The Bonds shall be listed separately from and simultaneously to the Warrants. Their anticipated listing date is June 6, 2007 under ISIN code: XS0302623953 and common code: 030262395.

#### *4.1.2 Governing law and jurisdiction*

The terms and conditions of the Bonds (the “**Bonds Conditions**”) are governed by Luxembourg law. The competent courts in the event of disputes shall be those of the registered office of the Company without prejudice to the latter’s right to take action before any other competent court under Luxembourg law.

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

The Bonds are issued in registered form only and may, under no circumstances, be converted into Bonds in bearer form. The Bonds, which are to be held in book-entry form through Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) or Clearstream, Luxembourg, are initially represented by a global certificate (the “**Global Certificate**”) which will be deposited with a common depository acting in the name and on behalf of Euroclear or Clearstream, Luxembourg. Such common depository, acting in the name and on behalf of Euroclear or Clearstream, Luxembourg, will be registered in the register held by the Company (the “**Register**”) at its registered office in accordance with article 84 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “**Companies Act 1915**”).

Euroclear and Clearstream, Luxembourg, as clearing systems, settle transactions through electronic book-entry changes in the accounts of their respective participants. Each of these clearing systems thereby ensures that, ultimately, sellers receive cash when delivering Bonds and that buyers receive corresponding Bonds when making payment into the systems, which eliminates the need for physical delivery of Bonds. Non-participants of such system may transfer Bonds in book-entry form through an account held either directly or through one or more participants or sub-participants of Euroclear or Clearstream, Luxembourg, respectively.

The persons shown in the records of Euroclear or Clearstream, Luxembourg as the holders of the Bonds (each an “**Accountholder**”) will, in principle, not have the Bonds registered in their respective names and will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Bonds and will not be considered registered owners or holders thereof.

Bondholders may also hold their Bonds directly, in which case they will be registered in the Register.

Ownership in respect of the Bonds is established exclusively by the registration (*inscription*) in the Register of the Bondholders kept by the Company at its registered office. Certificates (the “**Certificates**”) representing the Bonds may be issued but are not proof of ownership. Title to the Bonds shall pass by registration in the Register. Except as ordered by a court of competent jurisdiction or a public authority or as required by law, the Company may deem and treat the person registered in the Register as holder of the Bonds as the absolute owner of the Bonds for all purposes and no person will be liable for so treating such holder.

The settlement delivery transactions in relation to the Bonds shall be handled in the Euroclear or Clearstream, Luxembourg systems, under ISIN code: XS0302623953 and common code:030262395.

#### *4.1.4 Issue currency, Denomination and Issue Price*

##### **4.1.4.1 Issue currency**

The Bonds are issued in euro.

##### **4.1.4.2 Denomination**

Each Bond is issued with a denomination of €676 and multiples thereof.

##### **4.1.4.2 Issue Price**

The issue price of the Bonds with Warrants (the “**Issue Price**”) is 100% of their principal amount (€676 per Bond).

#### *4.1.5 Status and Negative Pledge*

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

##### **4.1.5.1 Status**

The Bonds constitute unsecured and unsubordinated obligations of the Company. The Bonds are direct and unconditional obligations of the Company and will not be the obligations of, or be guaranteed by, any other person or entity. The Bonds rank pari passu without any preference among themselves for all purposes, with all other existing and future unsecured, unsubordinated and unconditional obligations of the Company but, in the event of insolvency (including bankruptcy and voluntary or judicial liquidation), only to the extent permitted by applicable laws relating to creditors' rights.

#### 4.1.5.2 Negative pledge

Until the actual redemption of all the Bonds, the Company undertakes not to grant any mortgage (*hypothèque*) over the real property assets and rights it may or may come to possess, nor any pledge over all or part of the assets or revenues it may or may come to possess, in each case for the benefit of holders of other bonds issued by the Company without granting similar security to the Bondholders and ensuring that the Bonds rank similarly. This undertaking is given exclusively in relation to bond indebtedness and does not affect in any way the right of the Company to dispose of its assets or to grant any security in respect of such assets in any other circumstances.

#### 4.1.5.3 Further bonds issues

The Company undertakes not to issue further bonds (a) that may, for any reason other than an event of default, be redeemable partly or fully or mature before May 30, 2012 and/or (b) ranking senior to the Bonds, until the redemption of all outstanding Bonds.

#### 4.1.6 Rights attached to the Bonds and limitations of those rights

The Bonds shall bear interest from and including the Issue Date, payable on a yearly basis in arrears in accordance with the provisions of Section 4.1.7 "*Nominal interest rate and provisions relating to interest payment*" and are redeemable on May 30, 2012 in accordance with the provisions of Section 4.1.8.1.1 "*Redemption of the Bonds at maturity*".

#### 4.1.7 Nominal interest rate and provisions relating to interest payment

##### 4.1.7.1 Interest Payment Dates

The Bonds bear interest from the Issue Date payable annually in arrears on May 30 of each year (each an "**Interest Payment Date**"). Interest will accrue on the principal amount of the Bonds. The first Interest Payment Date will be May 30, 2008. Interest will be paid at the fixed rate of 4.0 per cent. (the "**Interest Rate**") per annum in respect of all periods ending on or prior to May 30, 2012.

If interest is required to be calculated for a period of less than one year, it shall be calculated on the basis of the number of days in the relevant period from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due, divided by the number of days from (and including) the previous Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next Interest Payment Date.

On each Interest Payment Date, if taking account of all the Company's dividends per share paid in cash or in kind (before any withholding tax and excluding tax credits) since the previous Interest Payment Date (or, if none, the Issue Date), the Yield per Share (as defined below) is greater than 5%, an additional interest amount shall be paid on each outstanding Bond to each bondholder according to the below formula:

$$(\text{Yield per Share} - 5\%) * 676.$$

For the requirements of this Section 4.1.7.1:

"Yield per Share" shall mean the sum of the dividends paid since the last Interest Payment Date (or, if none, the Issue Date), divided by the closing price of the Share on the Dealing Day immediately preceding the payment of the last dividend.

##### 4.1.7.2 Interest Payments

(i) Interest shall cease to accrue on each Bond from the date set for its normal or early redemption unless the principal sum is not paid. In case principal is not paid on due date therefore, the Bonds shall continue to bear interest at the Interest Rate from and including the last Interest Payment Date until the date on which such principal is paid.

(ii) The Paying Agent shall calculate the amount of interest payable in respect of each Bond for the respective Interest Period (the "**Interest Amount**") and shall notify this amount as well as the Interest Payment Date to the Company and to the Relevant Stock Exchange no later than the first day of the respective Interest Period.

All notifications, announcements, stipulations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this paragraph by the Paying Agent will (in the absence of gross

negligence or wilful misconduct) be binding on the Issuer and the Bondholders and (in the absence of gross negligence or wilful misconduct) no liability shall be borne by the Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this paragraph.

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

Claims against the Issuer in respect of interest shall be prescribed and become void, unless made within a period of 5 (five) years from the due date for payment thereof.

#### *4.1.8 Maturity date and terms of redemption of the Bonds*

In case of redemption or repurchase of the Bonds according to sections 4.1.8.1.1., 4.1.8.1.2.2., 4.1.8.1.3., 4.1.8.1.4. or 4.1.8.4., payments will be made against presentation of the Bonds at the office of the Paying Agent in Luxembourg

##### 4.1.8.1 Redemption and repurchase of the Bonds

###### 4.1.8.1.1 Redemption of the Bonds at maturity

The Bonds shall be redeemed after 5 years on the Maturity Date:

a) If ORCO Germany achieves the listing of its Shares on a Regulated Market before May 30, 2009 excluded, the redemption price of the Bonds will be:

- at par, that is €676 per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Warrants,
- at 125% of par, that is €845 per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is lower than the Exercise Price of the Warrants.

b) If ORCO Germany does not achieve the listing of its Shares on a Regulated Market before May 30, 2009 excluded, the redemption price of the Bonds will be:

- at 110 % of par, that is 743.60 € per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is equal to or greater than the Exercise Price of the Warrants,
- at 125% of par, that is 845 € per Bond, if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange) of the products (1) of the closing price of the Share over the one hundred and twenty stock exchange trading sessions preceding the Maturity Date on the Relevant Stock Exchange and (2) of the Exercise Ratio applicable during the said stock exchange sessions is lower than the Exercise Price of the Warrants.

Claims against the Issuer in respect of principal of the Bonds shall be prescribed and become void, unless made within a period of 10 (ten) years from the due date for payment thereof.

###### 4.1.8.1.2 Early redemption of the Bonds by prepayment

4.1.8.1.2.1 Early redemption at the option of the Bondholders exercising the Warrants and prepayment of the Bonds by way of setoff against the amount due by them to the Company as a result of the Shares subscription by exercise of the Warrants

If ORCO Germany achieves the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N1 (as defined below) Warrants exercised, Warrantholders may pay for their subscription of €676 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €676 plus (ii) the amount A1 (as defined below) in cash;

If ORCO Germany does not achieve the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N2 Warrants exercised, Warrantholders may pay for their subscription of €743.60 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €743.60 plus (ii) the amount A2 (as defined below) in cash;

Upon a Change of Control (as defined in Condition 4.1.8.1.2.2) in relation to the Company, for every N3 Warrants exercised, Warrantholders may pay for their subscription of €845 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €845 plus (ii) the amount A3 (as defined below) in cash.

The numbers of Warrants (N1, N2 or N3) that may be exercised by the sale to the Company of one Bond shall be determined according to the below formulas being rounded up to the highest whole number of Warrants:

$$N1 = \frac{\text{€676}}{\text{Exercise Price}}$$

$$N2 = \frac{\text{€743.60}}{\text{Exercise Price}}$$

$$N3 = \frac{\text{€845}}{\text{Exercise Price}}$$

The amounts (A1, A2 or A3) that shall be paid in euros in addition to the sale to the Company of one Bond shall be determined according to the below formulas being rounded to the nearest 100th (0.005 being rounded up to the next highest 100th):

$$A1 = (\text{Exercise Price} \times N1) - \text{€676}$$

$$A2 = (\text{Exercise Price} \times N2) - \text{€743.60}$$

$$A3 = (\text{Exercise Price} \times N3) - \text{€845}$$

If all Warrants were to be exercised, and if ORCO Germany were to achieve the listing of its Shares on a Regulated Market before May 30, 2009 and the Company were to deliver new Shares only upon such exercise, the Company would issue 9,328,851 new Shares representing 19.64% of the share capital of the Company.

#### 4.1.8.1.2.2 Early redemption at the option of the Bondholders following the occurrence of a certain event

Following the occurrence of a Change of Control (as defined below), the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date (as defined below) at 125% of par, that is €845, together with Interest. To exercise such right, a Bondholder must deliver a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of the Paying Agent (a “**Change of Control Put Exercise Notice**”) by not later than 60 days following a Change of Control triggering event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Paying Agent at the specified office of the Paying Agent. The “**Change of Control Put Date**” in respect of any such Bond shall be the fourteenth day after the delivery of such Bond with the Change

of Control Put Exercise Notice as provided above. A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem each Bond subject of a Change of Control Put Exercise Notice delivered as aforesaid on the Change of Control Put Date in respect of each such Bond. Payment in respect of any such Bond shall be made by transfer to a euro denominated account maintained with a bank in a city in which banks have access to the TARGET System in accordance with instructions given by the relevant holder in the relevant Change of Control Put Exercise Notice. The Issuer shall give notice to Bondholders by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this section 4.1.8.1.2.2.

A “**Change of Control**” shall occur if:

- (a) any person or persons, acting together, acquires Control of the Issuer; or
- (b) the Issuer consolidates with or merges into or sells or transfers all or at least 50% (within a period of time of less than six calendar months) of the Issuer’s assets to any other person or persons, acting together.

“**Control**” means in relation to any entity, (a) the acquisition or control of more than 50 *per cent.* of the voting rights of that entity or (b) the right to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that entity, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and “controlled” shall be construed accordingly.

#### 4.1.8.1.3 Early Redemption at the option of the Issuer

Subject to one month prior notice to Bondholders (which notice shall be irrevocable), the Company may decide to redeem the Bonds in whole or in part at 125% of par, that is €845 on any Interest Payment Date, together with Interest accrued during the Interest Period ended on the Early Redemption Date.

#### 4.1.8.1.4 Repurchase or public offers by the Issuer

The Company may decide to repurchase the Bonds at any time before maturity, without any limitation on price or quantity, either by repurchasing them on the Relevant Stock Exchange or any other stock exchange on which the Bonds are listed or off-exchange, or by repurchase or exchange public offers.

Any such transaction shall not affect the due date for redemption of any Bonds still outstanding.

#### 4.1.8.2 Notification relating to early redemption, redemption or repurchase at maturity of the Bonds

Information relating to the number of Bonds cancelled or repurchased and to the number of Bonds still outstanding will be provided yearly to the Luxembourg Stock Exchange for public information and may be obtained on request from the Company or from the Paying Agent.

The Company’s decision to redeem all Bonds early shall be published in advance at least one month before the redemption date (the “**Early Redemption Date**”) in a financial announcement published on the website of the Luxembourg Stock Exchange. This announcement shall give all the necessary indications and shall inform the Bondholders of the date set for redemption.

At least one month before the Early Redemption Date, the Company shall inform directly the Luxembourg Stock Exchange of any decision to redeem all or part of the outstanding Bonds before the Maturity Date.

#### 4.1.8.3 Cancellation of the Bonds

Bonds redeemed on their maturity date or on the Early Redemption Date will be cancelled forthwith and may accordingly not be reissued or resold and the obligations of the Company in respect of any such Bonds shall be discharged.

#### 4.1.8.4 Early repayment of the Bonds in the event of default

The representative of the body of Bondholders may, if so decided by the general meeting of Bondholders, ruling by majority decision, by notification sent to the Company with a copy to the Paying Agent declare all the Bonds due and repayable at an amount equal to 125% of par, that is €845 (together with Interest) if any of the following events (each an “**Event of Default**”) shall have occurred:

(a) default is made for more than five Business Days in the payment on the due date of principal or interest or any other amount in respect of any of the Bonds; or

(b) the Issuer does not perform or comply with any one or more of its other obligations in respect of the Bonds, which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after the Company receiving from the representative of the body of Bondholders written notice of such default.

(c) (i) any other present or future indebtedness of the Issuer or of any subsidiary of the Issuer's Group the financial indebtedness of which equals or exceeds €1,000,000 and the contribution of which to the consolidated net equity of the Company equals or exceeds 5 % (hereafter a “**Principal Subsidiary**”) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or of any relevant Principal Subsidiary and is not paid ; or

(ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period (as initially agreed);

provided that the aggregate amount of such indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds €1,000,000 or its equivalent; or

(d) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any Principal Subsidiary in relation to any debt for an amount exceeding €350,000 and is not discharged or stayed within 30 days; or

(e) any step is taken to enforce any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Principal Subsidiary in relation to any debt for an amount exceeding €350,000 (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person, including, without limitation, in relation to the Company or any Principal Subsidiary incorporated under the laws of Luxembourg, any *commissaire, juge-commissaire, liquidateur* or *curateur*); or

(f) the Issuer or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt (including, without limitation, in relation to the Issuer or any Principal Subsidiary incorporated under the laws of Luxembourg, bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire or judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally) or is unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any Principal Subsidiary; or

(g) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary (including, without limitation, in relation to the Issuer or any Principal Subsidiary incorporated under the laws of Luxembourg, bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire or judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors, reorganisation or similar laws affecting the rights of creditors generally), or the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation either (i) on terms approved by the representative of the body of Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of that Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Principal Subsidiary; or

(h) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds admissible in evidence is not taken, fulfilled or done; or

(i) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds.

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

#### 4.1.8.5 Term and average duration

The term of the Bonds as at the Issue Date will be 5 years.

#### 4.1.9 Gross yield to maturity rate

Based on the terms of the Bonds redemption provided for in Section 4.1.8.1.1, the yield to maturity rate depends (i) on the date of listing of the Shares on a Regulated Market, and (ii) on the price of the Shares compared to the Exercise Price of the Warrants.

Considering a redemption price of the Bonds at maturity (i) at par, the gross yield to maturity rate shall be 4 %, (ii) at 110% of par, the gross yield to maturity rate shall be 5.78 % and (iii) at 125% of par, the gross yield to maturity rate shall be 8.24 %.

#### 4.1.10 Representation of the Bondholders

The Bondholders will be represented and the general meetings of Bondholders will be organised in accordance with the provisions of articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the “**Companies Act 1915**”).

A summary of the rules concerning the representation of and the body (*masse*) of the Bondholders in force as at the date of issue is set out below.

The Bondholders together form a body, created *inter alia* for the purposes of representation of the common interest of the Bondholders in accordance with the provisions of articles 86 to 94-8 of the Companies Act 1915.

The general meeting of the Bondholders (during the term of the loan) or the Issuer (at the time of the Issue) may appoint one or several representatives of the body of Bondholders and determine their powers.

When the representative(s) have been appointed, the Bondholders will no longer be able to exercise individually the rights attached to their Bonds against the Issuer.

A meeting of the Bondholders may be convened at any time by the representative(s) or by the Board of Directors. The representatives provided they have received an advance on their expenses, or the Board of Directors must convene a meeting of the body of Bondholders if Bondholders representing 5 per cent or more of the total amount of outstanding Bonds so request. The meetings of the Bondholders will be held at the venue specified in the convening notice.

Every Bondholder will have the right to attend and vote at meetings of the Bondholders in person or by proxy, except that, if the Issuer itself holds Bonds, the Issuer is not entitled to exercise the voting rights attached to these Bonds. Evidence of title of a person to one or several Bonds will be established in accordance with the rules and procedures of the depositary with which the Bonds are held. The voting rights attached to the Bonds are proportional to the portion of the issue they represent, each Bond carrying at least one vote.

A meeting of the Bondholders may be convened (i) in the event of a merger involving the Issuer, (ii) in order to approve certain changes to the Bondholders’ rights and (iii) generally, in order to determine any measure aimed at defending the Bondholders’ interests or to ensure the exercise by the Bondholders of their rights in accordance with the provisions of the Companies Act 1915.

A meeting of the Bondholders may validly decide, without any quorum requirements and by a simple majority of the votes cast by the Bondholders present or represented at the meeting, upon the appointment and removal of representatives, the removal of special representatives nominated by the Issuer and the approval of any protective measure taken in the general interests of the Bondholders.

In respect of any other decision the meeting of the Bondholders may validly decide upon a first convening only if the Bondholders present or represented hold at least 50 per cent of the total amount of the Bonds outstanding at that time. No quorum is required at a reconvened meeting. The decisions at such meetings will be passed by a majority consisting of not less than two-thirds of the votes cast by Bondholders present or represented.

Each Bondholder shall have the right, during the 15 days prior to the general meeting of the Bondholders as a body to consult or take copies, or cause an agent to do so on its behalf, of the text of the proposed resolutions and the reports to be presented to the meeting, at the registered office of the Issuer, and at the offices of the Paying Agent in Luxembourg and, as the case may be, at any other place specified in the convening notice.

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

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

The remuneration of the representative of the body of bondholders shall be paid by the Company (as provided by article 91 of the Companies Act 1915); it shall be payable in advance on 31 December of each year from 2007 to 2014 inclusive for as long as there are Bonds in circulation at this date and a representative of the body of bondholders has been appointed.

Orco Germany shall be responsible for paying the representative of the body and for the costs of convening and holding the general meetings of Bondholders, of announcing their decisions as well as costs connected with any appointment of the representative of the body (as provided by article 91 of the Companies Act 1915), all administrative and operational expenses of the body of Bondholders as well as the costs of this body's meeting.

In the event of the convening of a meeting of Bondholders, the Bondholders shall meet at the registered office of the Company or any other place set in the convening notice to attend the meeting. The notice to attend the meeting shall be issued in accordance with article 70 of the Companies Act 1915 setting out the terms for the convening of Shareholders.

#### *4.1.11 Resolution and decision by virtue of which the Bonds with Warrants are issued*

##### *4.1.11.1 Resolution of the extraordinary general meeting of Shareholders*

The extraordinary general meeting of the Company of March 19, 2007 granted the Board of Directors, pursuant to article 32-3 (5) of the Companies Act 1915, for a period of five years, all powers to carry out capital increases within the limit of the authorised capital, being a sum of €150,000,000, under the conditions and terms that it shall set, with the option of removing or limiting the Shareholders' preferential subscription rights to the issue of new Shares from the authorised capital.

The Board of Directors is authorised and mandated to carry out capital increases, on one occasion or in successive tranches, by the issue of new Shares to be paid up in cash, contributions in kind, conversion of debt, conversion of Bonds convertible into shares and, at the approval of the annual general meeting of the Shareholders, by the incorporation of profits or reserves into the capital as well as to set the date and place for the issue or successive issues, the issue price, the conditions and terms of subscription and the methods payment for the new Shares. This authorisation is valid for a period of five years with effect from the date of publication of the minutes of the general meeting of the Shareholders of March 19, 2007.

In order to extend the 5-year period in relation to the authorized share capital in favour of the Board of Directors, an extraordinary general meeting of the Shareholders would need to approve such extension by March 19, 2012. This period would then last until March 19, 2017.

##### *4.1.11.2 Decision of the Board of Directors*

In its meeting on May 22, 2007 the Board of Directors voted in favour of issuing the Bonds with Warrants without preferential subscription rights for Shareholders to the Subscribers in a nominal amount of €100,100,052 under the terms and conditions stated in this Securities Note.

#### *4.1.12 Issue date of the Bonds with Warrants*

The Bonds with Warrants will be issued on May 30, 2007.

#### *4.1.13 Restrictions on transfers of the Bonds*

The conditions of the Bonds with Warrants do not provide for any restrictions with regard to the free transfer of the Bonds.

#### *4.1.14 Taxation*

##### *Gross Up*

All payments in respect of the Bonds will be made by the Company without withholding or deduction for taxation at source unless the withholding or deduction is required to be made by law. In such event, the Company will pay to the Bondholders such additional amounts as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the amounts which would otherwise have been receivable in respect of the Bonds, in the absence of such withholding or deduction.

As Luxembourg laws and tax practices currently stand, no withholding taxes are paid in Luxembourg on any payments in respect of the Bonds, with the possible exception of payments made to Luxembourg individuals and to individuals or residual entities in the meaning of the Savings Directive, resident or established in a EU Member State (other than Luxembourg) or in certain EU dependent territories.

Investors are nevertheless advised to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the investor.

#### Luxembourg taxation

The statements herein regarding taxation in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Securities Note and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Bonds. Each prospective holder or beneficial owner of Bonds should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposition of the Bonds.

#### Luxembourg Tax Residency of Bondholders

A Bondholder will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Bonds, or the execution, performance, delivery and/or enforcement of the Bonds.

#### Withholding tax

Under Luxembourg tax law currently in effect, with the possible exception of interest paid to individual Bondholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) to the extent that such interest has been negotiated at arm's length and is not profit participating. There is also no Luxembourg withholding tax, with the possible exception of payments made to Luxembourg individuals and individuals or residual entities (in the meaning of the Savings Directive), resident or established in a EU Member State (other than Luxembourg) or in certain EU dependent territories, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Bonds.

#### Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") and several agreements concluded between Luxembourg and certain dependent territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or residual entities (in the meaning of the Savings Directive) resident or established in another Member State or in certain EU dependent territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure (a residual entity can only elect for the procedure of exchange of information or can elect to be treated as an UCITS recognised in accordance with Directive 85/611/EEC).

The withholding tax rate is initially 15 per cent. during a first three-year period starting 1 July 2005, increasing steadily to 20 per cent. for the subsequent three-year period and to 35 per cent thereafter. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries. Responsibility for the withholding of the tax is assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the scope of the Luxembourg law of 21 June 2005 would at present be subject to withholding tax of 15 per cent. in Luxembourg.

#### Luxembourg resident individuals

Pursuant to Luxembourg law dated 23 December 2005, a 10% withholding tax has been introduced, as from 1 January 2006, on interest or similar income payments made by a Luxembourg based paying agent (defined in the same way as in the Savings Directive) to or for the immediate benefit of beneficial owners who are Luxembourg individual residents. Responsibility for the withholding of the tax is assumed by the Luxembourg paying agent. Payments of interest under the Bonds coming within the law of 23 December 2005 would be subject to withholding tax of 10 per cent in Luxembourg.

## 4.2 TERMS AND CONDITIONS OF THE WARRANTS

### 4.2.1 Information on the Warrants

#### 4.2.1.1 Type and category of the Warrants

The Warrants are securities issued by the Company carrying entitlement to subscribe to and/or to acquire new and/or existing Shares. Upon exercise of the Warrants, the Company will remit, existing or new Shares, or both, as the case may be.

Application has been made to admit the Warrants to listing on the Official List of the Luxembourg Stock Exchange and trading on the Euro MTF. They shall be listed separately from and simultaneously to the Bonds. The anticipated listing date of the Warrants is June 6, 2007 under ISIN code: XS0302626899 and common code: 030262689. 63 Warrants are initially attached to each Bond. 9,328,851 Warrants will therefore be issued by the Company.

#### 4.2.1.2 The theoretical value of the Warrants

The theoretical value of the Warrants is mainly based on:

i) the specific characteristics of the Warrants: exercise price, exercise period, market price at which the Company is entitled to repay the Warrants at the unit price of €0,01 pursuant to section 4.2.1.11.2., and the repayment period of the Warrants at the Company's option.

ii) the characteristics of the Shares for which the Warrants are exercisable and the market conditions:

- ❖ Share price: the value of the Warrants increases if the Share price increases and vice versa;
- ❖ Share volatility: the value of the Warrants increases if the volatility increases and vice versa;
- ❖ Forecast of the yield of the Shares: the value of the Warrants increases if the amount of dividends payable on the Shares decreases and vice versa;
- ❖ Interest rate without risk: the value of the Warrants increases if the interest rates increase and vice versa.

#### 4.2.1.3 Governing law and jurisdiction

##### 4.2.1.3.1 Governing law

The terms and conditions of the Warrants are governed by Luxembourg law.

##### 4.2.1.3.2 Jurisdiction

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

#### 4.2.1.4 Form, denomination, title and method of registration of the Warrants under an account

The Warrants are issued in registered form only and may, under no circumstances, be converted into Warrants in bearer form. The Warrants, which are to be held in book-entry form through Euroclear or Clearstream, Luxembourg, are initially represented by a global certificate (the "**Global Certificate for the Warrants**") which will be deposited with a common depository acting in the name and on behalf of Euroclear or Clearstream, Luxembourg. Such common depository, acting in the name and on behalf of Euroclear or Clearstream, Luxembourg, will be registered in the register held by the Company (the "**Warrant Register**") at its registered office in accordance with article 84 of the Companies Act 1915.

Euroclear and Clearstream, Luxembourg, as clearing systems, settle transactions through electronic book-entry changes in the accounts of their respective participants. Each of these clearing systems thereby ensures that, ultimately, sellers receive cash when delivering Warrants and that buyers receive corresponding Warrants when making payment into the systems, which eliminates the need for physical delivery of Warrants. Non-participants of such system may transfer Warrants in book-entry form through an account held either directly or through one or more participants or sub-participants of Euroclear or Clearstream, Luxembourg, respectively.

The persons shown in the records of Euroclear or Clearstream, Luxembourg as the holders of the Warrants (each a "**Warrant Accountholder**") will, in principle not have the Warrants registered in their names and will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Warrants and will not be considered registered owners or holders thereof.

Warrantholders may also hold their Warrants directly, in which case they will be entered into the Warrant Register.

Ownership in respect of the Warrants is established exclusively by the registration (*inscription*) in the Warrant Register of the Warrantholders kept by the Company at its registered office. Certificates representing the Warrants (the “**Warrant Certificates**”) may be issued but are not proof of ownership. Title to the Warrants shall pass by registration in the Warrant Register.

Except as ordered by a court of competent jurisdiction or a public authority or as required by law, the Company may deem and treat the person registered in the Warrant Register as holder of the Warrants as the absolute owner of the Warrants for all purposes and no person will be liable for so treating such holder.

The settlement delivery transactions in relation to the Warrants shall be handled in the Euroclear or Clearstream, Luxembourg, under ISIN code: XS0302626899 and common code: 030262689.

#### 4.2.1.5 Currency

The Warrants are issued in euros.

#### 4.2.1.6 Status of the Warrants

Not applicable.

#### 4.2.1.7 Rights and limitations attached to the Warrants

##### 4.2.1.7.1 Exercise Price and Exercise Ratio

Subject to subsequent adjustments as provided in section 4.2.2.4 “*Adjustment rules applicable in the occurrence of an event having a consequence on the underlying instrument*”, each Warrant entitles initially the holder to acquire and/or subscribe to 1 Share at the Exercise Price to be paid in cash, simultaneously to the exercise of the Warrants.

The Exercise Price shall be determined as follows:

a) From the Issue Date up to September 30, 2007 (included): €16.90 to be paid in cash;

b) From October 1st, 2007 (included) up to the end of the Exercise Period (as defined below):

(1) €16.90 to be paid in cash if the average (weighted by the volume of transactions of the Share on the Relevant Stock Exchange), of the products (i) of the closing price of the Share over the stock exchange trading sessions from the Issue Date up to September 30, 2007 and (ii) of the Exercise Ratio applicable during the said stock exchange trading sessions (the “Reference Share Price”) is equal to or greater than €13.52;

(2) 125% of the Reference Share Price (rounded to the nearest 100th, 0.005 being rounded to the next highest 100th) if the Reference Share Price is lower than €13.52.

The Company will, as the case may be, have the choice to remit new Shares to be issued and/or existing Shares, or both. Warrantholders exercising Warrants at a same Exercise Date (as defined in section 4.2.1.7.3) shall receive the same proportion of existing and/or new Shares.

However;

- if ORCO Germany achieves the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N1 (as defined below) Warrants exercised, Warrantholders may pay for their subscription of €676 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €676 plus (ii) the amount A1 (as defined below) in cash;
- if ORCO Germany does not achieve the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N2 Warrants exercised, Warrantholders may pay for their subscription of €743.60 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €743.60 plus (ii) the amount A2 (as defined below) in cash;
- upon a Change of Control (as defined in Condition 4.1.8.1.2.2) in relation to the Company, for every N3 Warrants exercised, Warrantholders may pay for their subscription of €845 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €845 plus (ii) the amount A3 (as defined below) in cash.

The numbers of Warrants (N1, N2 or N3) that may be exercised by the sale to the Company of one Bond shall be determined according to the below formulas being rounded up to the highest whole number of Warrants:

$$N1 = \frac{\text{€676}}{\text{Exercise Price}}$$

$$N2 = \frac{\text{€743.60}}{\text{Exercise Price}}$$

$$N3 = \frac{\text{€845}}{\text{Exercise Price}}$$

The amounts (A1, A2 or A3) that shall be paid in euros in addition to the sale to the Company of one Bond shall be determined according to the below formulas being rounded to the nearest 100th (0.005 being rounded up to the next highest 100th):

$$A1 = (\text{Exercise Price} \times N1) - \text{€676}$$

$$A2 = (\text{Exercise Price} \times N2) - \text{€743.60}$$

$$A3 = (\text{Exercise Price} \times N3) - \text{€845}$$

(see Section 4.1.8.1.2.1 “Early redemption at the option of Bondholders exercising the Warrants and prepayment of the Bonds by way of setoff against the amount due by them to the Company as a result of the Shares subscription by exercise of the Warrants”.)

If all Warrants were to be exercised and the Company were to deliver new Shares only upon such exercise, the Company would issue 9,328,851 new Shares representing 19.64% of the share capital of the Company.

#### 4.2.1.7.2 Exercise Period of the Warrants

The Warrants may be exercised at any time from and including May 30, 2007 up to the close of business on the Maturity Date.

#### 4.2.1.7.3 Conditions of exercise of the Warrants - Delivery of Shares

To exercise their Warrants, their holders should make their request to the intermediary with whom their securities are registered and pay up the amount of their subscription as stated in Sections 4.2.1.7.1 “*Exercise Price and Exercise Ratio*” and 4.2.1.7.2 “*Exercise Period of the Warrants*”. To exercise their Warrants and pay for their subscription by the sale of a Bond as described in sections 4.1.8.1.2.1. and 4.2.1.7.1., their holders should make their request and surrender the Bond in certificated form to the intermediary with whom their securities are registered as stated in sections 4.1.8.1.2.1., 4.2.1.7.1. and 4.2.1.7.2.. The Warrant Agent shall be responsible for centralising these transactions and the Distribution Agent shall be responsible for delivering the Shares upon exercise of Warrants.

The date of exercise of a Warrant will be (i) the date of receipt by the Warrant Agent of the exercise request in proper form if the Warrant Agent receives it before 4.00 pm (Luxembourg time) or (ii) the day following the date of receipt by the Warrant Agent of the exercise request in proper form if the Warrant Agent receives it at or after 4.00 pm (Luxembourg time) (the “**Exercise Date**”) and delivery of the Shares will take place on or before the twentieth Business Day following the Exercise Date.

As soon as practicable, and in any event no later than 20 Business Days after the relevant Exercise Date, Orco Germany will, as the case may be, (i) deliver existing Shares in bearer form on exercise of a Warrant, and register (or cause to be registered) the person named in the relevant exercise request in the Shareholder register of Orco Germany or, if the request notice so specifies, effect delivery (or cause delivery to be effected) through the relevant clearing system or (ii) deliver newly issued Shares in bearer form on exercise of a Warrant, and comply with the respective requirements set out in (i) and, additionally authorise the issue of such Shares in accordance with Luxembourg law no later than 20 Business Days following the relevant exercise request.

The Issuer has created an authorised capital allowing the Board of Directors to issue relevant new Shares upon exercise of the Warrants until March 19, 2012.

#### 4.2.1.7.4 Benefit and rights attached to the Shares delivered as a result of the exercise of the Warrants

The rights attached to the Shares delivered as a result of the exercise of the Warrants are defined in Section 8 “*Terms and Conditions of the Shares*”.

#### 4.2.1.7.5 Suspension of the exercise of the Warrants

In the event of an increase in the share capital of the Company (except by exercise of any of the Warrants) or an issue of securities conferring rights to receive Shares, or in case of a merger (*fusion*), division (*scission*), or other financial transaction conferring preferential subscription rights in favour of Shareholders or allowing a priority subscription period in favour of the Shareholders, the Company may decide to suspend the exercise of the Warrants for a period which may not exceed three months, but such decision will not under any circumstances mean that the Warranholders will lose their rights to exercise their Warrants.

The Company’s decision to suspend the exercise of the Warrants will be set out in a notice given to the Warranholders in a Luxembourg newspaper with wide distribution and in a Luxembourg Stock Exchange announcement. This notice will be published at least ten Dealing Days prior to the date from which the right to exercise the Warrants will be suspended and will specify the date on which the suspension comes into force and the date on which it will end.

#### 4.2.1.8 Resolution and decision by virtue of which the Bonds with Warrants are issued

Refer to the resolution and decisions described in Section 4.1.11.

#### 4.2.1.9 Scheduled issue date of the Warrants

As the Bonds, the Warrants will be issued on May 30, 2007.

#### 4.2.1.10 Restrictions on the free transfer of the Warrants

There are no restrictions to the free transfer of the Warrants.

#### 4.2.1.11 Cancellation, Repurchase and Redemption of the Warrants

##### 4.2.1.11.1 Cancellation of the Warrants

The Warrants which will not have been exercised by the close of the Relevant Stock Exchange on the Maturity Date may no longer be exercised and shall be cancelled at the close of the Relevant Stock Exchange on May 30, 2014.

##### 4.2.1.11.2 Redemption of the Warrants at the Company’s option

a) If ORCO Germany achieves the listing of its Shares on a Regulated Market before November 30, 2007 excluded, on giving notice (which notice shall be irrevocable) to the Warranholders, the Issuer may at any time on or after May 30, 2010 up to the end of the Exercise Period redeem all or part of the outstanding Warrants at a price of €0.01 per Warrant, provided that the products (1) of the closing prices of the Shares and (2) of the Exercise Ratio in force on each of these Dealing Days of not less than 20 Dealing Days during the period of 30 consecutive Dealing Days ending not earlier than the 14th Dealing Day prior to the date on which the relevant notice of redemption is given to Warranholders, exceed 150% of the Exercise Price.

b) If ORCO Germany does not achieve the listing of its Shares on a Regulated Market before November 30, 2007 excluded, on giving notice (which shall be irrevocable) to the Warranholders, the Issuer may at any time on or after the 913th day following the listing of its Shares on a Regulated Market up to the end of the Exercise Period redeem all or part of the outstanding Warrants at a price of €0.01 per Warrant, provided that the products (1) of the closing prices of the Shares and (2) of the Exercise Ratio in force on each of these Dealing Days of not less than 20 Dealing Days during the period of 30 consecutive Dealing Days ending not earlier than the 14th

Dealing Day prior to the date on which the relevant notice of redemption is given to Warranholders, exceed 150% of the Exercise Price.

In the event that the Issuer redeems only a part of the outstanding Warrants, the number of Warrants to be redeemed (hereinafter "**Number of Warrants to be Redeemed**") shall correspond, for each tranche of redemption, to 10% of the number rounded down to the lowest whole number of Warrants issued under ISIN Code: XS0302626899.

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

Any such notice of redemption shall specify the date with effect from which such redemption shall take effect, which shall be not less than 30 nor more than 60 days following the giving of such notice.

*Announcement to the Warranholders of the redemption of the Warrants*

The Company's decision to redeem Warrants will be published in advance at least one month before the Warrants redemption date in a Luxembourg Stock Exchange announcement (hereinafter, the "**Early Redemption Announcement**").

In the event that the Company redeems Warrants, Warranholders may avoid such redemption by exercising their Warrants until the date set for the redemption in accordance with Section 4.2.1.7.3. After this date, the Warrants shall be redeemed by the Company and cancelled.

4.2.1.11.3 Repurchase of the Warrants at the Company's option

The Company reserves the right at any time, without any price or quantity restrictions, to repurchase the Warrants on or off the market or through a public purchase or exchange offers of Warrants. The Warrants so repurchased shall be cancelled.

The Issuer may, at any time, purchase Warrants in the open market or otherwise at any price. Any purchase by tender shall be made available to all Warranholders alike subject to applicable securities laws and subject to the terms of any partial tender. The Warrants so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meeting of the Warranholders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings for the Warranholders.

4.2.1.12 Settlement and delivery procedure of the Warrants

The settlement-delivery transactions of the Warrants shall be handled in the Euroclear Bank and Clearstream systems, under ISIN Code: XS0302626899 and common code: 030262689.

Warrants shall be admitted to Euroclear Bank transactions which shall settle the securities between account holders. The Warrants shall also be admitted for Clearstream Banking, société anonyme, transactions.

The Warrants shall be registered in an account with effect from May 30, 2007.

4.2.1.13 Conditions relating to the product of the Warrants

Not applicable

4.2.1.14 Representation of Warranholders

Unless otherwise provided herein, the Warranholders will be represented and the general meetings of Warranholders will be organised in accordance with the rules set out herebelow and, by default, with the provisions of articles 86 to 94-8 of the Companies Act 1915.

From the Issue Date the Warranholders will together form a body created inter alia for the purposes of representation of the common interests of the Warranholders.

The general meeting of the Warranholders (from the Issue Date excluded until maturity of the Warrants) or the Issuer (at the time of the Issue) may appoint one or several representatives of the body of Warranholders and determine their powers.

When the representative(s) have been appointed, the Warranholders will respectively no longer be able to exercise individually the rights attaching to their Warrants against the Issuer.

A meeting of the Warrantholders may be convened at any time by the representative(s) or by the Board of Directors. The representatives provided they have received an advance on their expenses, or the Board of Directors must convene a meeting of the body of Warrantholders if Warrantholders respectively representing 5 per cent or more of the total number of outstanding Warrants so request. The meetings of the Warrantholders will be held at the venue specified in the convening notice.

Every Warrantholder will have the right to attend and vote at meetings of the Warrantholders in person or by proxy, except that if the Issuer holds Warrants itself, the Issuer is not entitled to exercise the voting rights attached to these Warrants. Evidence of title of a person to one or several Warrants will be established in accordance with the rules and procedures of the depositary with which the Warrants are held or, in its absence, with the Warrant Register. The voting rights attached to the Warrants are proportional to the portion out of the total number of Warrants they represent, each Warrant carrying at least one vote.

A meeting of the Warrantholders may be convened (i) in the event of a merger involving the Issuer, (ii) in order to approve certain changes to the Warrantholders' rights and (iii) generally, in order to determine any measure aimed at defending the Warrantholders' interests.

A meeting of the Warrantholders may validly decide, without any quorum requirements and by a simple majority of the votes cast by the Warrantholders present or represented at the meeting, upon the appointment and removal of representatives, the removal of special representatives nominated by the Issuer and the approval of any protective measure taken in the general interests of Warrantholders.

In respect of any other decision the meeting of the Warrantholders may validly decide upon a first convening only if the Warrantholders present or represented hold at least 50 per cent of the total number of the Warrants outstanding at that time. No quorum is required at a reconvened meeting. The decisions at such meetings will be passed by a majority consisting of not less than 75 % of the votes cast by Warrantholders present or represented.

Each Warrantholder shall have the right, during the 15 days prior to the general meeting of the Warrantholders as a body to consult or take copies, or cause an agent to do so on its behalf, of the text of the proposed resolutions and the reports to be presented to the meeting, at the registered office of the Issuer, and at the offices of the Paying Agent and, as the case may be, at any other place specified in the convening notice.

#### 4.2.1.15 Taxation - Withholding tax

The statements herein regarding taxation in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Securities Note and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Warrants. Each prospective holder or beneficial owner of Warrants should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposition of the Warrants.

##### Gross Up

All payments in respect of the Warrants will be made by the Company without withholding or deduction for taxation at source unless the withholding or deduction is required to be made by law. In such event, the Company will pay to the Warrantholders such additional amounts as shall be necessary in order that the net amounts received by the Warrantholders after such withholding or deduction shall equal the amounts which would otherwise have been receivable in respect of the Warrants, in the absence of such withholding or deduction.

##### Luxembourg withholding tax

Under Luxembourg tax laws currently in force, payments with respect to the Warrants will not be subject to Luxembourg withholding tax, subject however to the application of the Luxembourg laws of 21 June 2005 implementing the Savings Directive or of the Luxembourg law of 23 December 2005, which may be applicable in the event of the Company appointing a paying agent in Luxembourg (in the meaning of the Savings Directive).

#### 4.2.2 Information on the underlying instrument

The underlying instrument is the ordinary Share with ISIN code: LU0251710041.

##### 4.2.2.1 Exercise Price of the Warrants and number of Shares received as a result of the exercise of the Warrants

Each Warrant entitles initially its holder to acquire and/or subscribe one Share at the Exercise Price (see Section 4.2.1.7.1 “*Exercise Price and Exercise Ratio*”) to be paid in cash, simultaneously to the exercise of the Warrants.

However;

- if ORCO Germany achieves the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N1 (as defined below) Warrants exercised, Warrantholders may pay for their subscription of €676 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €676 plus (ii) the amount A1 (as defined below) in cash;
- if ORCO Germany does not achieve the listing of its Shares on a Regulated Market before May 30, 2009 excluded, for every N2 Warrants exercised, Warrantholders may pay for their subscription of €743.60 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €743.60 plus (ii) the amount A2 (as defined below) in cash;
- upon a Change of Control (as defined in Condition 4.1.8.1.2.2) in relation to the Company, for every N3 Warrants exercised, Warrantholders may pay for their subscription of €845 by (i) the sale to the Company of 1 Bond with a nominal value of €676 made due and payable to this effect at a price of €845 plus (ii) the amount A3 (as defined below) in cash.

The numbers of Warrants (N1, N2 or N3) that may be exercised by the sale to the Company of one Bond shall be determined according to the below formulas being rounded up to the highest whole number of Warrants:

$$N1 = \frac{\text{€676}}{\text{Exercise Price}}$$

$$N2 = \frac{\text{€743.60}}{\text{Exercise Price}}$$

$$N3 = \frac{\text{€845}}{\text{Exercise Price}}$$

The amounts (A1, A2 or A3) that shall be paid in euros in addition to the sale to the Company of one Bond shall be determined according to the below formulas being rounded to the nearest 100th (0.005 being rounded up to the next highest 100th):

$$A1 = (\text{Exercise Price} \times N1) - \text{€676}$$

$$A2 = (\text{Exercise Price} \times N2) - \text{€743.60}$$

$$A3 = (\text{Exercise Price} \times N3) - \text{€845}$$

(See Section 4.1.8.1.2.1 “Early redemption at the option of a Bondholder exercising the Warrants and prepayment of the Bonds by way of setoff against the amount due by them to the Company as a result of the Shares subscription by exercise of the Warrants”).

#### 4.2.2.2 Information on the Shares

Investors can consult the Orco Property Group website for more information on the Shares: [www.orcogroup.com](http://www.orcogroup.com).

#### 4.2.2.3 Disruption of the market or the settlement and delivery system affecting the Shares

If Clearstream, Frankfurt and/or Euroclear Bank and/or Clearstream, Luxembourg were to suspend their activities at the time of exercise of Warrants, the delivery of the Shares following the exercise of these Warrants may be delayed.

#### 4.2.2.4 Adjustment rules applicable in the occurrence of an event having a consequence on the underlying instrument

##### 4.2.2.4.1 Maintenance of the rights of the Warrantholders

###### 4.2.2.4.1.1 Consequences of the Issue

In the event of a transaction including a preferential subscription right reserved for Shareholders, Warrantholders shall be informed thereof before commencement of the transaction through an announcement in a Luxembourg newspaper with wide distribution and through an announcement made by the Luxembourg Stock Exchange.

The Board of Directors has decided that:

- as long as there are Warrants in circulation, the Company may not redeem the share capital or modify the allocation of its profit. However the Company may redeem its share capital or issue preference shares provided that the rights of Warrantholders are maintained in accordance with the provisions of Section 4.2.2.4.1.2 "In the event of financial transactions".
- in the event of a capital reduction as a result of losses, the rights of the Warrantholders exercising their Warrants shall be reduced accordingly as if said Warrantholders had been Shareholders from the issue date of the Warrants regardless of whether the capital reduction is carried out by reducing the par value of the Shares or the number thereof.

###### 4.2.2.4.1.2 In the event of financial transactions

Upon completion of any of the following transactions:

1. issue of securities carrying a preferential subscription right to Shareholders,
2. increase in share capital by capitalisation of reserves, profits or share premia, and by distribution of bonus shares, or the subdivision or consolidation of Shares,
3. in the event that a nominal value is assigned to the Shares, an increase in share capital of the Issuer, without issuing Shares, by capitalisation of reserves, profits or share premia by increasing the nominal value of the Shares,
4. distribution of reserves in cash or in kind or a share premium,
5. allotment of bonus financial instruments other than Shares,
6. merger by acquisition (*fusion par absorption*), merger (*fusion par création d'une nouvelle société*), spin-off, division (*scission*) of the Issuer,
7. buy-back of own Shares at a price that is higher than the share price,
8. distribution of dividends,
9. amortisation in share capital of the Issuer,
10. modification of the Issuer's allocation of its profits,
11. change of control.
12. issue at less than current market price.

which the Issuer may carry out after the Issue Date, the rights of the Warrantholders will be protected, as long as there are still valid Warrants in existence, by adjusting the Exercise Ratio in accordance with the following provisions.

In the event of an adjustment carried out in accordance with conditions 1 to 11 below, the new Exercise Ratio will be determined to two decimal places and rounded to the nearest 100th (0.005 being rounded up to the next highest 100th). Any subsequent adjustments will be carried out on the basis of such newly calculated and

rounded Exercise Ratio. However, the Warrants can only result in the delivery of a whole number of Shares, the treatment of fractions of Shares being governed by Section 4.2.2.4.1.3 “*Treatment of fractional shares*”).

1. In the event of a financial transaction conferring a preferential subscription right to existing Shareholders, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$\frac{\text{share value ex-subscription right plus the value of the subscription right}}{\text{share value ex-subscription right}}$$

For the purposes of calculating this formula, the values of the share ex-subscription right and of the subscription right will be determined on the basis of the average of the closing prices of the Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange, or in the absence of listing on the Relevant Stock Exchange, on another market on which the Share and subscription right are both listed) falling in the subscription period during which the Shares and the subscription rights are listed simultaneously;

2. In the event of an increase in share capital of the Company by capitalisation of reserves, profits or share premia and by distribution of bonus Shares, or by the subdivision or consolidation of Shares, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the relevant transaction by the following formula:

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

3. In the event of an increase in share capital of the Company without Shares being issued by means of a capitalisation of reserves, profits or share premia performed by increasing the nominal value of the Shares, the nominal value of the Shares which may be delivered to the Warrantholders exercising their Warrants, will be increased accordingly.

4. In the event of the distribution by the Company of reserves in cash or in kind or a share premium, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the relevant transaction by the following formula:

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

For the purposes of calculating this formula, the value of the Shares before distribution will be determined on the basis of the weighted average of the prices published by or derived from the Relevant Stock Exchange over the last three Dealing Days before the distribution.

5. In the event of an allotment of bonus financial instruments other than shares of the Issuer, the new Exercise Ratio will be determined:

- if the right to receive financial instruments is listed on the Relevant Stock Exchange, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$1 + \frac{\text{Price of the right to receive financial instruments}}{\text{Share price ex-right}}$$

For the purposes of calculating this formula, the prices of the Shares ex-right and of the rights to receive financial instruments will be determined on the basis of the weighted average of the prices published or derived

from the Relevant Stock Exchange over the first three Dealing Days as from the detachment of the financial instruments.

- if the right to receive financial instruments is not listed on the Relevant Stock Exchange, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$1 + \frac{\text{Value of the financial instruments allocated to each shares}}{\text{Share price ex-right}}$$

For the purposes of calculating this formula, the price of the shares ex-right and the value of the financial instruments will be determined on the basis of the weighted average of the prices published by or derived from the Relevant Stock Exchange over the first three Dealing Days as from the detachment of the financial instruments.

If the financial instruments allocated are not listed on a Regulated Market, their value shall be determined in accordance with the rules and regulations applicable to the market on which they are listed. Failing this, their value shall be evaluated in an independent expert's certificate. This certificate shall be produced by an expert of international repute appointed by the Issuer, whose opinion shall not be subject to appeal.

6. In the event of merger by acquisition (*fusion par absorption*) of the Issuer by another company or of merger of the Issuer with one or more other companies to create a new company (*fusion par création d'une nouvelle société*), or in the event of a division (scission) or spin-off of the Issuer, the Warrants may be exercised into shares of the acquiring or new company or the companies resulting from any division (scission) or spin-off.

The new Exercise Ratio shall be determined by adjusting the Exercise Ratio in effect before such event by the exchange ratio of the Shares against the shares of the acquiring or new company or companies resulting from any division (scission) or spin-off. These companies shall be substituted to the Issuer in order to apply the above adjustment, the purpose being to maintain, where applicable, the rights of the Warrantholders in the event of financial or securities transactions, and, generally to ensure that the rights of the Warrantholders are guaranteed under the legal, regulatory and contractual conditions.

7. In the event that the Company makes an offer to the Shareholders to buy-back its own Shares at a price that is higher than the Share price, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect by the following formula calculated to the nearest 100th of a Share:

$$\frac{\text{Share value} + \text{pc}\% \times (\text{buy-back price} - \text{share value})}{\text{Share value}}$$

For the purposes of calculating this formula:

The Share value (i) means the average of at least ten consecutive closing prices of the Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) chosen from the twenty consecutive closing prices of the Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) preceding the buy-back (or the buy-back offer).

Pc% means the percentage of the share capital of the Company that has been bought back.

Buy-back price means the effective price of shares bought-back (which is by definition higher than the share value).

8. An exceptional dividend is deemed to have been paid if, taking account of all the Company's dividends per share paid in cash or in kind (before any withholding tax and excluding tax credits) since the start of a single year, the Yield per Share (as defined below) is greater than 2%, given that any dividends or parts of dividends resulting in an adjustment of the Exercise Ratio, in accordance with points 1 to 7 and 9 to 12 of this Section 4.2.2.4.1.2, shall not be taken into account to determine the existence of an exceptional dividend or to determine the Yield per Share.

In the event of the distribution of an exceptional dividend, the new Exercise Ratio shall be determined by multiplying the Exercise Ratio in effect prior to the relevant transaction by the following formula:

$$1 + \text{Yield per Share} - 2\%$$

In the event of payment of a dividend by the Company in cash or in kind (before any withholding tax and excluding tax credit) between the payment date of the Trigger Dividend (as defined below) and the end of the

same financial period (an “Additional Dividend”), the Exercise Ratio shall be adjusted. The new Exercise Ratio shall be equal to the product of the Exercise Ratio in force before the start of the transaction under consideration times the factor of:

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

For the requirements of this Section 4.2.2.4.1.2, point 8:

“Trigger Dividend” shall mean the dividend from which the Yield per Share exceeds 2%;

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

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

“Yield per Share for the Additional Dividend” shall mean the ratio between the Additional Dividend (net of all dividends or parts of dividend resulting in an adjustment of the Exercise Ratio in accordance with points 1. to 7., and 9. to 12. of this Section 4.2.2.4.1.2 and the closing price of the share of the Company on the Dealing Day immediately preceding the payment of the Additional Dividend.

9. In the event of an amortisation in share capital of the Company, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the relevant transaction by the following formula:

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

For the purposes of calculating this formula, the value of the Share before the amortisation will be determined on the basis of the weighted average of the Share prices published by or derived from the Relevant Stock Exchange over the last three Dealing Days immediately prior to the date of the amortisation.

10. In the event of the modification by the Issuer of the allocation of its profits as a result of the issue of preference shares, the new Exercise Ratio will be determined by multiplying the Exercise Ratio in effect prior to the preference share issue date by the following formula:

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

For the purposes of calculating this formula, the share price before the modification of the allocation of profits will be determined on the basis of the weighted average of the prices published or derived from the Relevant Stock Exchange over the last three Dealing Days immediately prior to the date of the modification.

11. If a Change of Control shall occur, upon any exercise of exchange rights where the Exercise Date falls during the Change of Control Period, the Exercise Ratio (the “**Change of Control Exercise Ratio**”) shall be determined as set out below, but in each case adjusted, if appropriate, under this condition:

$$\text{COCER} = \text{OER} \times (1 + (\text{EP} \times c/t))$$

where:

COCER means the Change of Control Exercise Ratio

OER means the Exercise Ratio in effect immediately prior to the Change of Control

EP means 25.00 per cent. (expressed as fraction)

c means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date

t means the number of days from and including the Issue Date to but excluding the Maturity Date

The Issuer shall give notice to the Warrantholders (a “**Change of Control Notice**”) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control.

“**Change of Control Period**” means the period commencing on the occurrence of a Change of Control and ending on the latter of (i) 60 days following the occurrence of the Change of Control and (ii) 60 days following the date upon which a Change of Control Notice shall be given by the Issuer to Warrantholders.

12. If and whenever the Issuer shall issue (otherwise than as mentioned in point 1. above) wholly for cash any Shares (other than Shares issued on exercise of the Warrants or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of Shares) or issue or grant (otherwise than as mentioned in point 5. above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Shares (other than the Warrants), in each case at a price per Share which is less than 95 per cent. of the Current Market Price (as defined below) per Share on the Dealing Day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Exercise Ratio shall be adjusted by multiplying the Exercise Ratio in force immediately prior to such issue or grant by the following fraction:

$$(A + B) / (A + C)$$

where:

A is the number of Shares in issue immediately before the issue of such Shares or the grant of such options, warrants or rights;

B is the number of Shares to be issued pursuant to such issue of such Shares or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights; and

C is the number of Shares which the aggregate consideration (if any) receivable for the issue of such Shares or, as the case may be, for the Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share.

Such adjustment shall become effective on the date of issue of such Shares or, as the case may be, the grant of such options, warrants or rights.

“**Current Market Price**” means, in respect of a Share at a particular date, the mean of the closing prices published on the Relevant Stock Exchange for one Share for the five consecutive Dealing Days ending on the Dealing Day immediately preceding such date.

In the event that the Issuer carries out any transaction in respect of which an adjustment would not be made as specified in Section 4.2.2.4.1.2 and if any future law or regulation should provide for an adjustment, the Issuer will make such adjustment in accordance with the applicable laws and regulations and with the practices used in the Luxembourg market.

The Board of Directors will report on the methods of the calculation and the results of any adjustment in the next annual report.

#### 4.2.2.4.1.3 Treatment of fractional Shares

Any Warrantholder exercising its rights may subscribe to a number of Shares, which is calculated by multiplying the Exercise Ratio in effect at such time by the number of the Warrants presented.

If the Shares are listed and if the number of Shares calculated in this manner is not a whole number, a Warrantholder shall receive, at the discretion of the Issuer or its Warrant Agent:

- either the nearest whole number of Shares immediately less than its entitlement and will receive a payment equal to the value of such additional fraction of a Share calculated on the basis of the closing Share price listed on the Relevant Stock Exchange on the exercise date;
- or the nearest whole number of shares immediately more than its entitlement and will provide a payment equal to the value of such additional fraction of a Share calculated on the basis of the closing Share price listed on the Relevant Stock Exchange on the exercise date.

#### 4.2.2.5 Taxation - Withholding tax

The statements herein regarding taxation in Luxembourg are based on the laws in force in Luxembourg as of the date of this Securities Note and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase,

own or dispose of the Shares. Each Prospective holder or beneficial owner of Shares should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposition of the Shares.

#### Non Gross Up

Dividend payments in respect of the Shares will be made by the Company without withholding or deduction for taxation at source unless the withholding or deduction is required to be made by law. In such event, no additional of further amounts will be paid to the Shareholders in respect of such withholding or deduction.

#### Luxembourg withholding tax

Under Luxembourg tax laws currently in force, dividends distributed by the Company to a Shareholder are in principle subject to a withholding tax in Luxembourg at the rate of currently 15 per cent. of the gross dividend amount.

However, if a double tax treaty between Luxembourg and the country of residence of the Shareholder applies, an exemption or a reduction (in most cases to between 15 per cent. and 5 per cent.) of the Luxembourg withholding tax may be available pursuant to the relevant provisions of such double tax treaty.

In addition, pursuant to current Luxembourg tax laws, an exemption from Luxembourg withholding tax on dividends may apply to the Shareholder under the following conditions:

- the Shareholder receiving the dividends is either (a) a Luxembourg resident limited company fully subject to Luxembourg corporation taxes or (b) a corporate entity referred to under Article 2 of the Council Directive of 23 July 1990 concerning the common fiscal regime applicable to parent and subsidiary companies of different member States (90/435/EEC) as amended by the Council Directive of 22 December 2003 (2003/123/EEC), or (c) the Luxembourg permanent establishment of a corporate entity referred to above under (a) or (b) or, (d) the Luxembourg permanent establishment of a limited company resident of a country with which Luxembourg has entered into a double tax treaty or finally, (e) a Swiss resident limited company fully subject to Swiss corporation taxes; and
- at the date of the dividend payment, the Shareholder holds or commits to hold directly (or even indirectly under certain conditions) for an uninterrupted period of at least twelve months, a minimum participation of 10% in the share capital of the Company or a participation whose acquisition value amounts to at least € 1,200,000 (or an equivalent amount in a foreign currency).

Finally, under Luxembourg tax laws currently in force, no Luxembourg withholding tax is due on the payment of a liquidation surplus.

## **5. CONDITIONS OF THE OFFER OF BONDS WITH WARRANTS**

### *5.1 Conditions, provisional schedule and conditions of subscription*

#### *5.1.1 Conditions of the offer*

##### **5.1.1.1 Cancellation of the preferential subscription rights of Shareholders for the benefit of the Subscribers**

The Bonds with Warrants have been issued by the Company pursuant to a decision of the Board of Directors dated May 22, 2007 further to which the preferential subscription right of the existing Shareholders has been cancelled.

##### **5.1.1.2 Subscription undertakings**

The Bonds with Warrants are issued exclusively to the Subscribers who have irrevocably undertaken to the Company to subscribe to 148,077 Bonds with 63 Warrants each. Subscribers who do not wish to keep all the Warrants which were originally upon issue attached to the Bonds with Warrants so subscribed, have made their undertakings to subscribe to Bonds with Warrants subject to the repurchase of 6,219,234 of the Warrants which were originally upon issue attached to the Bonds with Warrants thus acquired on the Issue Date.

#### *5.1.2 Amount of the Issue*

The Issue with an aggregate nominal value of €100,100,052, will be represented by 148,077 Bonds with 63 Warrants each. The nominal value of each Bond shall be €676.

#### *5.1.3 Issue Date and procedure*

May 22, 2007: Meeting of the Board of Directors to approve the terms of the Issue.  
May 30, 2007: Subscription by the Subscribers to the Bonds with Warrants.  
May 31, 2007: Repurchase of the Warrants by CEREM.  
June 6, 2007: Listing of the Bonds and the Warrants of the Euro MTF market of the Luxembourg Stock Exchange.

##### **5.1.3.1 Date of subscription to Bonds with Warrants**

The Subscribers will subscribe to the Bonds with Warrants on the May 30, 2007.

##### **5.1.3.2 Procedure for Repurchase of the Warrants from the Subscribers**

The Subscribers will sell 6,219,234 of the Warrants attached to the Bonds so subscribed at a unit price of €676 to CEREM with the undertaking of the Company to substitute itself to CEREM in case of default of CEREM to perform its obligations towards the Subscribers.

CEREM will then offer to less than one hundred Beneficiary Managers and Beneficiary Partners of the Issuer's Group, 6,219,234 Warrants at a unit price of €1.45.

In the event where all the Warrants initially purchased by CEREM from the Subscribers are not purchased by the Beneficiary Managers and/or the Beneficiary Partners, the unsold Warrants will be purchased either by (i) Orco Immobilien at a unit price of €1.45 per Warrant, or (ii) the Company at the same price and cancelled immediately thereafter.

#### *5.1.4 Reduction of the amount of the Issue*

The Subscribers shall subscribe to the total amount of the Issue. The total amount of the Issue will not be reduced.

#### *5.1.5 Minimum and/or maximum amount of subscription*

Not applicable

#### *5.1.6 Closing dates and payment and delivery conditions of the Bonds with Warrants*

The subscription price of the Bonds with Warrants must be paid in full in cash on May 30, 2007 and the settlement and delivery of the Bonds and the Warrants will take place on the same day.

#### *5.1.7 Method of publication of the results of the offer*

Not applicable.

#### *5.1.8 Cancellation of Shareholders' preferential subscription rights in favour of the Subscribers*

The extraordinary general meeting of the Shareholders of March 19, 2007 granted the Board of Directors all powers to carry out capital increases within the framework of the authorised share capital with the option to cancel the preferential subscription rights.

In its decision of May 22, 2007, the Board of Directors decided to cancel the preferential subscription rights of Shareholders to the Bonds with Warrants in favour of the Subscribers or any person who will exercise the Warrants.

#### *5.2 Distribution and allocation of Bonds with Warrants*

The Issuer has not undertaken any action that would permit an offer to the public (in the sense of the Prospectus Directive) of the Bonds and/or the Warrants or possession or distribution of the Prospectus or any other offering material in any jurisdiction where action for that purpose is required. Each Subscriber undertakes to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Bonds or the Warrants or distributes the Prospectus or any other offering material and will obtain any necessary consents, approvals or permissions required by it for the purchase, offer or sale by it of the Bonds and/or Warrants under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Issuer shall have no responsibility therefore.

##### ***European Economic Area***

In relation to each member state of the European Economic Area (the “**EEA**”) which has implemented the Prospectus Directive (each a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) no offer of the Bonds and/or the Warrants is made and/or may be made to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of Bonds may be made to the public in that Relevant Member State:

(a) in the period beginning on the date of publication of a prospectus in relation to the Bonds and the Warrants which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year, (b) a total balance sheet of more than € 43,000,000 and (c) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “Offer of Bonds and/or Warrants to the public” in relation to any Bonds and/or Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds and/or the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Bonds and/or the Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

##### ***The Grand Duchy of Luxembourg***

In addition to the cases described in the European Economic Area selling restrictions above in which a Subscriber can make an offer of the Bonds and/or the Warrants to the public in an EEA Member State (including Luxembourg), a Subscriber can also make an offer of the Bonds or the Warrants to the public in Luxembourg:

(a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;

(b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and investment funds and their management companies, commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

(c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Prospectus Act 2005) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF as competent authority in Luxembourg in accordance with the Prospectus Directive.

### *5.2.1 Categories of potential investors*

The Bonds with Warrants are privately placed. The Bonds with Warrants will be subscribed by the Subscribers in an aggregate nominal amount of €100,100,052 in accordance with its irrevocable subscription undertakings to the Company.

### *5.2.2 Procedure for notifying Subscribers of the amount allocated to them*

Not applicable.

## *5.3 Pricing*

### *5.3.1 Issue price of Bonds with Warrants*

The Subscribers will subscribe to the Bonds with Warrants attached for a unit price of €676. The nominal value of each of the Bonds with Warrants is €676.

## *5.4 Placement and underwriting*

There will be no placement other than the private placement mentioned above or underwriting. Irrevocable undertakings to subscribe to the Bonds with Warrants have been incurred by the Subscribers under the conditions stated in Section 5.1.1.2 "Subscription Undertakings" above.

### *5.4.1 Coordinators for all the offer placers in various countries where the offer takes place*

Not applicable.

### *5.4.2 Payment and delivery*

Payment of interest and principal and of any other sums due pursuant to the Bonds will be made to the order of the Paying Agent in euro by crediting an account denominated in euro in the name of the Paying Agent.

Payment on behalf of the Issuer will be made by, or upon instructions of, the Paying Agent through the clearing and settlement systems (Euroclear Bank and Clearstream) and any such payment validly made in favour of the Bondholders or the Warrantholders shall release the Issuer and the Paying Agent.

The Issuer, the Warrant Agent and the Paying Agent will not be liable to the Bondholders, the Warrantholders or to any other person in respect of any costs, commissions, losses or other expenses connected to or resulting from the money transfer in euro and/or any currency exchange or rounding which may be related to the delivery of Shares.

If the payment date of any principal, interest or other amount relating to the Bonds is not a Business Day, the Bondholder will only have a right to payment of such amount on the next following Business Day, and will have no right to any interest or other sum as a result of such deferral.

**“Target Settlement Day”** means any day on which the TARGET System is open.

The Issuer has appointed BPSS as the initial Paying Agent.

The Issuer has appointed BPSS as the initial Warrant Agent which will initially assume the security service of the Warrants. A Warrant Agent shall be maintained in Luxembourg as long as there will be outstanding Warrants.

The Issuer has appointed BNP Paribas Securities Services S.A. – Zweigniederlassung Frankfurt am Main, having its registered office at Grueneburgweg 14, D660322 Frankfurt am Main, Germany, registered with the *Registergericht* Frankfurt am Main HR B 50955 as the initial Distribution Agent which will initially assume the delivery service of the Shares upon exercise of Warrants and as the Share Agent which will assume the service of the Shares.

The Issuer may appoint replacement agents provided that there will always be a paying agent. In such circumstances, a notice will be published in a Luxembourg newspaper with wide distribution containing the names and addresses of any successor paying agent or warrant agent, as applicable.

## **6. ADMISSION TO TRADING AND CONDITIONS OF TRADING**

### *6.1 Admission to trading*

Application has been made to admit the Bonds to trading on the Euro MTF market and to listing on the Official List of the Luxembourg Stock Exchange. The Bonds have been accepted for clearing and settlement by Euroclear Bank and Clearstream. They shall be listed separately from the Warrants. Their anticipated listing date is June 6, 2007 under ISIN code: XS0302623953 and common code: 030262395.

Application has been made to admit the Warrants to trading on the Euro MTF market and to listing on the Official List of the Luxembourg Stock Exchange. They will be listed separately from the Bonds. Warrants anticipated listing date is June 6, 2007 under ISIN code: XS0302626899 and common code: 030262689.

The listing conditions of the Bonds and the Warrants shall be set forth in a Luxembourg Stock Exchange announcement which shall be issued no later than the first date of listing of the Bonds and the Warrants on June 6, 2007.

### *6.2 Listing markets*

Neither bonds nor warrants issued by Orco Germany are already listed.

### *6.3 Liquidity agreement*

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

## **7. ADDITIONAL INFORMATION**

### *7.1 Capacity of the advisors to the Issue*

Astin Capital has acted as arranger of the Issue.  
Central Europe Offering has acted as co-arranger of the Issue.  
Molitor Fisch & Associés has acted as legal adviser to the Issuer.

### *7.2 Persons responsible for auditing the accounts*

#### *7.2.1 Names of the external auditors*

H.R.T. Révision S.à r.l., having its registered office in L-1526 Luxembourg, 23, Val Fleuri, R.C.S. Luxembourg B 51238 represented by Mr. Dominique RANSQUIN;  
PRICEWATERHOUSECOOPERS, having its registered office in L-1014 Luxembourg, 400, route d'Esch, R.C.S. Luxembourg B 65477 represented By Ms Anne-Sophie Preud'homme

### *7.3 Accounting treatment of the Issue*

#### *7.3.1 IFRS*

The Bonds with Warrants are classified as a compound instrument under IAS32 and will be split into liability and equity component. On the Issue Date the liability component will be determined as the present value of contractually determined stream of future cash flows discounted at the rate of interest applied at that date by the market to instruments of comparable credit status and providing substantially same cash flows, on the same terms, but without the warrants attached. The equity component will be determined as the residual amount i.e. the difference between Issue Price of the Bonds and the liability component. The equity component will be recorded in the Capital funds.

### *7.4 Expert report*

Not applicable.

### *7.5 Information from any third party*

Not applicable.

### *7.6 Rating*

Neither the Issuer nor the Bonds are rated.

### *7.7 Post issuance information*

The Issuer does not intend to provide post issuance information.

## **8. TERMS AND CONDITIONS OF THE SHARES**

### *8.1. Description of the Shares to be delivered as a result of exercise of Warrants*

#### *8.1.1 Type, category and Settlement Date of the Shares*

The existing Shares are admitted to trading on the Relevant Stock Exchange (ISIN code: LU0251710041). The Shares are classified under sector 86: “Real Estate” and sub-sector 862: “Real Estate Holding and Development” in the FTSE.

Shares delivered following the exercise of the Warrants will be subject to the provisions of the articles of incorporation of the Company and will carry beneficial rights from the first day of the financial year in which the Exercise Date takes place and payment of the Exercise Price occurs (*jouissance différée*). They shall carry the right in respect of the financial year in which the Exercise Date takes place and payment of the Exercise Price occurs and subsequent financial years, to the same dividend (equal by reference to their accounting par value) as that which may be paid in relation to the other Shares carrying the same beneficial rights.

They shall therefore rank *pari passu* with such other Shares with effect from the due date for payment of the dividend relating to the preceding financial year, or, if none is distributed, after the annual meeting considering the accounts for said financial year.

#### *8.1.2 Jurisdiction and applicable law*

##### *8.1.2.1 Applicable law*

The terms and conditions of the Shares are governed by Luxembourg law.

##### *8.1.2.2 Competent courts*

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

#### *8.1.3 Form and method of delivery of the Shares*

Existing Shares are in the form of registered or bearer shares at the option of the Shareholder. Shareholders may freely sell or transfer Shares at any time.

Shares issued as a result of the exercise of Warrants are issued to Clearstream, Frankfurt in the form of bearer shares globally held through Clearstream, Frankfurt on behalf of its participants. These participants are authorised financial intermediaries such as banks, investment services providers or professional securities depositaries and will credit the Shareholder’s account opened in their books with the amount of Shares indirectly held by each Shareholder through Clearstream, Frankfurt.

The transfer of Shares shall be operated by means of an entry in an account, in accordance with the internal rules of Clearstream, Frankfurt.

The settlement-delivery transactions for the Shares shall be handled in the Clearstream, Frankfurt system.

The Company would authorise the issue of such Shares in accordance with Luxembourg law no later than 10 Business Days following the relevant exercise request.

#### *8.1.4 Issue currency*

The Shares are issued in euros without a nominal value.

#### *8.1.5 Rights and restrictions attached to the Shares*

##### *8.1.5.1 Rights attached to the Shares delivered as a result of the exercise of the Warrants*

The new Shares shall be subject to all the provisions of the Company’s articles of incorporation.

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*

The new Shares shall be issued without designation of a par value.

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.

The settlement date of the Shares delivered as a result of the exercise of Warrants is the first day of the financial year during which the exercise request and the payment of the Exercise Price of the Warrants occur.

#### *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 may be limited or cancelled by the general meeting of the Shareholders or by the Board of Directors, if authorised by the former.

#### *8.1.6 Resolutions and authorisations by virtue of which the new Shares will be issued as a result of the exercise of Warrants*

Refer to resolution and decision described in Section 4.1.11..

#### *8.1.7 Conditions for admission of the Shares to trading*

##### *8.1.7.1 Listing of new Shares issued as a result of the exercise of the Warrants*

Periodic applications will be made to admit the new Shares issued as a result of the exercise of the Warrants to trading on the Relevant Stock Exchange.

Depending upon the date from which they will carry beneficial rights ("*date de jouissance*"), they will be traded on the same line as the existing Shares if they are fungible in accordance with Article 8.1.1 or traded initially on a second line if they are not fungible to them.

##### *8.1.7.2 Listing of the Shares*

###### *Listing market*

The Shares are admitted to trading on the Relevant Stock Exchange.

*Volume of transactions and Share price movements*

ORCO Germany SA		
	Last trade	Volume
May 23, 2007	€13.35	76,448
April 30, 2007	€14.60	373,584
March 30, 2007	€13.75	248,157
February 28, 2007	€13.50	292,770
January 31, 2007	€11.50	504,402

*8.1.8 Restriction on the free trading of the Shares*

The Shares are not subject to any transfer restrictions.

*8.1.9 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.

Since the Shares of the Company are not listed on a Regulated Market, the provisions of the Luxembourg Public Takeover Act or of the the *Wertpapiererwerbs- und Übernahmegesetz*, including protective provisions contained therein in favour of minority shareholders of the Company, are not applicable.

In the absence of conclusive court decisions and legal author’s opinions, it is uncertain what national law(s) and legal principles would be applied by Luxembourg courts to disputes relating to minority shareholders’ protection in the context of a take-over bid on the Shares.

*8.1.9.1 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. 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.

*8.1.9.2 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.

*8.1.9.3 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 €250 to €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.

#### 8.1.10 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.

#### 8.1.11 Effects of the exercise of the Warrants on the Shareholder’s position

By way of indication, assuming that all Warrants are exercised, and only new Shares are delivered to the Warrant holders, the consequences of the issue will be as follows:

1. The table below summarizes the consequence of the exercise of the Warrants for a Shareholder owning 1% of the share capital of the Company prior to the Issue, calculated on the basis of the number of Shares existing on the date of the last capital statement and assuming only new Shares are delivered to the Warrant holders:

	Shareholder’s stake
Before issue of the Bonds with Warrants	1.00%
After exercise of 9,328,851 Warrants	0.80%

2. The table below summarizes the effect of the Issue and the exercise of the Warrants on the Share of the equity capital for a Shareholder owning one Share in the Company prior to the Issue, calculated on the basis of the consolidated equity capital at December 31, 2006 and the number of Shares comprising the share capital as at May 23, 2007:

	Share of equity capital
Before issue of the Bonds with Warrants	€3.51
After exercise of 9,328,851 Warrants	€6.14

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

3. The table below summarizes the consequence of the exercise of the Warrants for the key Shareholders, based on the percentage of Warrants bought:

	Before this Bond with Warrants Issue	After exercise of the Warrants attached to the Bonds with Warrants
Orco Property Group	79.99%	63.03%
Management	7.99%	19.02%
Public	12.02%	17.95%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

4. Below is a summary of the effect of the exercise of all the Warrants on the market value of the Shares at May 23, 2007:

Number of Shares: 38,171,333

Average value of the one Share over the twenty last stock exchange sessions: €13.92

Market capitalisation of the Company before capital increase: €531,344,955.36

Total number of Warrants: 9,328,851

Exercise price of the Warrants: €16.90

Amount of capital increase arising from the exercise of all the Warrants: €157,657,581.90.

Market value of the Company after capital increase arising from the exercise of all the Warrants: €689,002,537.26 corresponding to a value per Share after capital increase arising from the exercise of all the Warrants of €14.51.

**ORCO GERMANY S.A.**

*Issuer, société anonyme*

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*Arranger*

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**CENTRAL EUROPE OFFERING**

*Co-arranger*

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**H.R.T. REVISION S.à r.l.**

*External auditor to the Company*

23, Val Fleuri, L-1526 Luxembourg

**PRICEWATERHOUSECOOPERS**

*External auditor to the Company*

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**BNP PARIBAS SECURITIES SERVICES (Luxembourg branch)**

*Initial bond and warrant agent*

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