



Press Release

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Orco Property Group presents its proposed restructuring plan

- Within its draft "plan de sauvegarde", Orco Property Group SA plans to propose to bondholders an attractive restructuring mix of new debt and equity of the Company.
- The term sheet proposal to bondholders and a presentation slide are available on www.orcogroup.com ; bondholders are invited to support this proposal at the General Assembly to be held in Paris on September 24th.
- Bondholders should be able to recover most of the value of their investment over the next years and improve their liquidity.
- The proposed restructuring plan would accelerate Orco Property Group focusing on its core business and cities, and investing in existing projects and land development.
- After the restructuring, the Company aims to target a loan-to-value around 50 % by 2012 and an immediately improved cash position

Paris, September 9th – Orco Property Group S.A., ("the Company") the holding company of the Orco Group, unveils today the main terms of its draft restructuring plan to its creditors.

Under the safeguard procedure, opened last March 25, 2009 by the Commercial Court of Paris, Orco Property Group S.A. has held, under the chairmanship of Me Laurent Le Guerneve, Court Administrator, numerous discussions with bondholders and representatives of some bondholders.

Based on those discussions, the Management has built a financial restructuring plan that would allow the Company to adjust its financial profile to the current market conditions in the best interests of both bondholders and shareholders.

With its new adjusted financial profile, Orco Property Group would be able to unlock the value of its real-estate portfolio.

Orco Property Group SA's draft "Plan de Sauvegarde"

As the first step of the restructuring process, the Committee of the Main Suppliers of the Company, representing less than 200 000 Euros of pending payments, has accepted a term out over the next 10 years of their claims in its assembly held on September 7, 2009 in Paris.

The 'plan de sauvegarde' also includes a term out proposal to beneficiaries of guarantees of Orco Property Group SA within the Group subsidiaries, contingent to the conditions of exercise of the guarantees being gathered at the subsidiary level.

As regards the direct liabilities of Orco Property Group being mostly its EUR 411 million bonds in nominal value, the Court Administrator has convened its bondholders to vote on the draft 'Plan de Sauvegarde' on the 24th of September, 11 am at the Commercial Court of Paris. The draft 'Plan de Sauvegarde' is made available to them at the registered office of Orco Property Group in Luxembourg and the registered office of its branch in Paris.

In order to prepare such vote, bondholders' representatives have organized general meetings of bondholders, mainly aimed at informing bondholders of the safeguard procedure, as further described below in the "Next Events" section to be held in Orco premises in Luxembourg on the 15th of September morning, and Orco Property Group is organizing a general information session to be held for the bondholders on the 17th September morning in Paris.

Key elements of the bond restructuring proposal, part of OPG's "Plan de Sauvegarde"¹:

All holders of bonds issued by Orco Property Group S.A. are proposed the same conversion conditions on the basis of a nominal value of EUR 411 million and would have their bonds exchanged as part of the Safeguard Plan into a mix of new bonds and shares. .

- Issue of new bonds convertible at EUR 15 with an aggregate nominal value of EUR 120 million. The new convertible bonds would mature on November 20, 2017, and interests at the rate of 5 % per annum would be paid annually in cash with the first payment on November 20, 2010.
- Issue of 11.43 million new shares of the Company, the new shares being fungible with existing shares (Isin: LU0122624777).

As an indicative current nominal value of the package, a bondholder holding EUR 1000 of nominal would recover EUR 558.2 assuming the September 9, 2009 closing price of EUR 9.57 per share. This illustrative calculation is the addition of (i) the nominal value of EUR 1000 in bond nominal value post restructuring at EUR 292 plus (ii) the value of the 27.8 (subject to rounding) shares received for EUR 1000 bond, valued at EUR 9,57 each, assuming a sale by the bondholders of the new shares received at such price, the bondholders would then recover a value of Euro 558.2.

Bondholders would become shareholders and would benefit from higher liquidity and potentially profit from the recovery of the business of the Company.

In particular, as new shareholders, the bondholders would benefit under certain circumstances² from the right to subscribe to a capital increase of an aggregate minimum amount of €30,000,000.00 . The specific bondholders who still hold warrants (that were attached to two of the bonds issue) would also benefit from the warrants restructuring described below.

The creation of the authorised capital required to implement this financial restructuring under the procedure de sauvegarde, the agreement with Colony Capital and the proposed issuance of warrants to all current OPG shareholders would be submitted to a vote of shareholders' at the next extraordinary shareholder meeting to be held on September 15, 2009.³

The above proposal remain subject to, and may only be implemented following

- The vote on the 'plan de sauvegarde' of the General Assembly of Bondholders at a majority of 2/3rd.
- The approval of the 'plan de sauvegarde' by the Paris Commercial Court

As long as a Court approval has not forthcome, none of the Company proposal will come into effect or be implemented.

¹ The term sheet of the proposal to bondholders, together with a presentation slide, is available on www.orcogroup.com

² Under the safeguard plan the Company undertakes that if the Company does not achieve, through an offering and/or placement with new investors and/or existing shareholders, a capital increase of an aggregate minimum amount of €30,000,000.00 (thirty million Euros) before June 30, 2010, it will, save where such undertaking is waived with the approval of an ordinary (simple majority) resolution of the holders of the New Convertible Bonds, use all reasonable endeavours to issue or grant a right to the shareholders to subscribe to a capital increase of an aggregate minimum amount of €30,000,000.00 (thirty million Euros) before December 31, 2010.

³ Assuming the 50 % quorum is met on September 15, 2009, otherwise to an extraordinary shareholders' meeting to be reconvened on or around October 20, 2009. A report by the Board of Directors of Orco Property Group S.A. on the creation of the authorised capital to, amongst others, allows for implementation of the Safeguard Plan and the Colony placement has been prepared.

Should the bondholders reject the 'plan de sauvegarde'; the management would expect that the Court could eventually decide on the term out of all the Company liabilities, with a repayment schedule over a maximum of 10 years, depending on the Group business plan and cash flow.

Orco Property Group restructuring plan

The key objective of the Draft Safeguard Plan is to restore Group credit ratios and collect cash in order to ensure the development of existing land bank and resume works on constructions where it had to be put on hold, so as to create value for its stakeholders.

The business plan supporting the safeguard plan is based on the assumption that credit ratios are restored through:

- Bond debt restructuring as described above which allows a debt reduction and an improved balance-sheet
- Local bank loans restructuring in order to extend in time and size existing construction credit lines in order to finalize projects' development and insure sale to final customers.
- Cash generation from the sale of existing assets whether existing residential projects or selected income producing asset sales
- Repayment of the shareholder loans granted by the Company , notably to the hospitality and Russian ventures, or dividends , particularly on residential developments, where the Company invested in projects through joint ventures.
- Capital increases in cash through the exercise of warrants by a new equity partner and existing shareholders, or through the exercise of the restructured warrants – all operations being described below. Fresh equity injection would reduce the risks of relying on pure asset sales and allow a faster recovery by allowing development of existing land bank currently financed through bank debt.

This restructuring proposal is based on the need for the Group to reach a satisfactory indebtedness and debt service coverage. With the proposed restructuring and a cash collection envisioned at around EUR 68 million (planned through capital increases as described below), the loan-to-value should be improved to approx. 50% by 2012⁴. Compared to the EUR 15 Net Asset Value per share as published in the June 2009 Management Report, the pro forma of June 2009 net asset value after bond restructuring would reach EUR 19 per share. After both the bonds restructuring, and the injection of EUR 68 million cash in capital increase in 9.71 million new shares at EUR 7 per share, the pro forma of June 2009 net asset value would amount to EUR 15,4 per share. After the above dilution and assuming total exercise of restructured warrants, the pro forma of June 2009 net asset value would amount to EUR 14,3 per share.⁵

An Extraordinary General Meeting of Shareholders will have to take place to approve the creation of authorised capital necessary to implement these several equity instruments proposals:

- New equity partner

On April 29, 2009, Orco Property Group and Colony Capital entered into exclusive negotiations on a reserved Share capital increase. On June 22, 2009, , Orco Property Group and Colony Capital concluded that it was necessary for the management of OPG to implement and finalize the restructuring of the bond debt. Based on the terms of the amendment signed on June 22 and for a period up to November 30, ColOG, a company controlled by funds advised by Colony Capital, would be granted short term warrants (the "Colony Warrants"). These Colony Warrants would be subject to the approval of the Extraordinary Shareholders Meeting, and would allow ColOG to subscribe to an issue of Orco Property Group Shares at EUR 7 per Share up to EUR 80 million. The exercise of the Colony Warrants is subject to the

⁴ Based on the same asset valuation assumptions for existing assets, than published by the Company in the June 2009 Management Report

⁵ A dilution table is included in the slides available on www.orcogroup.com

success of the bond restructuring undertaken as part of the Safeguard Court Protection (court protection from creditors).

- Granting of Warrants to existing OPG Shareholders

Subject to the success of the bond restructuring undertaken as part of the Safeguard Court Protection (court protection from creditors) and implementation of the Colony Warrants, all OPG Shareholders would also be granted short term warrants (the "Shareholders Warrants") on the basis of one Shareholder Warrant being granted for each existing Share. Shareholders Warrants would carry a EUR 7 exercise price and a subscription ratio of one new Share for one Shareholder Warrant exercisable over 1 month.

- Restructuring of existing warrants

In addition to the draft 'plan de sauvegarde', it is further proposed that all existing warrants (registered under ISIN code XS0290764728) prior to the safeguard (excluding for the avoidance of doubt the Colony Warrants and the Shareholders Warrants) and the warrants registered under ISIN code LU0234878881) would be restructured at a EUR 7 exercise price, and that the Company can force in tranches the exercise. The restructuring of existing warrants is subject to the approval of the General Assembly of Warrantholders that will take place on September 15, 2009 at the registered address of Orco Property Group in Luxembourg.

The description of the above proposal is for information purposes only and does not imply that such proposals are actually implemented or implemented in the form, as described. They merely describe the current proposal made in the context of the safeguard plan and require relevant Court approval prior to their actual implementation. Implementation of described transactions may be made on terms which may vary from currently proposed terms.

Next events

September 15th:

- Shareholders Extraordinary General Meeting of Shareholders held in English in Luxembourg where Orco Property Group's shareholder will notably be invited to vote on creation of the authorised capital necessary to implement the safeguard plan and the Colony placement.

- General Meeting of holders of bonds 2010 (Isin FR0010249599) in Luxembourg at 9 am

- General Meeting of Warrantholders (ISIN XS0290764728) in Luxembourg at 9h30 am

- General Meeting of holders of bonds 2013 (Isin XSFR0010333302) in Luxembourg at 11 am

- General Meeting of holders of bonds 2014 (Isin XS0291838992) in Luxembourg at 2pm

- General Meeting of holders of bonds 2012 (Isin XS0223586420) in Luxembourg at 4pm

September 17th: Information meeting for all holders of bonds of Orco Property Group in Paris at 10 am in French

Conference call to holders of bonds 2011 (Isin CZ 0000000195) in English and Czech at 3 pm

September 24th: All Bondholders General Assembly convened under the Safeguard Procedure to vote on the proposed safeguard plan.

October 20th: Reconvened Extraordinary General Meeting of Shareholders (in case the quorum of 50% is not reached at the September 15th meeting)

This press release is for information purposes only on the current status of the safeguard procedure of Orco Property Group. There is no guarantee that the proposals as described in this press release will actually be implemented or implemented on the terms described in this press release.

The Company may have to make available in due course further information or documents in relation to certain transactions described hereinabove in accordance with applicable laws. Investors should consider such additional documents when and as being made available in accordance with applicable laws. This press release neither constitutes an offer of securities to the public as provided by the Directive 2003/71/CE of the European Parliament and the Council nor does it constitute or form part of any offer or solicitation to purchase or subscribe for securities in the United States of America or in any other jurisdiction where the circulation of the present notice would be restricted by law. The securities mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**"). Securities may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the Securities Act. There will be no public offer of securities in the United States.

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