



Press Release

Paris, 20 December 2011

## **Orco Property Group to reduce debt by equitizing EUR 129 Million of Orco Germany bonds**

Orco Property Group ("OPG") has entered into a Binding Term Sheet with a majority of Orco Germany ("OG") bondholders whereby all of the OG bond debt of EUR 129.1<sup>1</sup> Million due on 30 May 2012 will be substituted into bonds convertible in shares ("OCA"<sup>2</sup>) issued by OPG. The OCA will be exercisable in two steps. The first part of EUR 79.1 Million of the OCA will be immediately converted into 19,250,010 new OPG shares at the conversion price of EUR 4.10 at the end of January 2012, increasing OPG's share capital to 36,303,876 shares.

In a second step to take place by the end of April 2012, the remaining EUR 50.0 Million part of the OCA will be converted into an additional 7,996,158 new OPG shares at the price of EUR 6.27 per share<sup>3</sup>, therefore giving an average blended conversion price of EUR 4.74. If however certain deleveraging conditions of OPG are not fulfilled by April 2012, OPG will have the discretion to repay this remaining part of the OCA in either cash or shares in OG or OPG. In the case of shares, the OCA holders will then have the discretion to accept (i) an additional 7,996,158 in new OPG shares at EUR 6.27 or (ii) 55% of the outstanding OG share capital.

The OG bonds acquired by OPG will be converted into new OG shares through a capital increase which will reinforce OG's balance sheet with EUR 129.1 Million of equity. OPG's control of OG will then increase to a stake in excess of 97%.

This transaction will reduce the LTV of the OPG group from c. 67% to c. 60% and the LTV of the OG group from c. 79% to c. 64%.

In addition to the fulfillment of legal and regulatory requirements, the Binding Term Sheet is subject to OPG's Board approval which is expected in the next days. In addition, approval from the assemblies of the relevant OG instrument holders is expected to take place in February 2012.

Following the Binding Term Sheet, OPG shall engage in discussions called by holders of certain OPG bonds, who have appointed an advisor, regarding a possible conversion of all or part of the outstanding OPG Bonds into OPG shares. The OG bondholders have also proposed that a management incentive plan aligning the interests of the new and existing OPG shareholders with those of the OPG management be put in place.

---

<sup>1</sup> Orco Germany bond : EUR 100,1 million of nominal, plus EUR 25 million of reimbursement premium, plus EUR 4 million of coupon as of 30 May 2012

<sup>2</sup> OCA : 'Obligation Convertible en Actions'

<sup>3</sup> Such exercise would increase the Orco Property Group share capital to 44,300,034 shares

OPG has given access to certain information to the OG bondholders, under a confidentiality agreement. The information which would be susceptible to have a significant effect on the trade prices of the financial instruments of OPG or OG is disclosed in the document named "Orco Property Group – Updated Safeguard Business Plan – December 2011" which is available on the OPG website <http://www.orcogroup.com/investors/financial-documentation/safeguard-documents>.

Jean-Francois OTT, President & CEO of OPG stated: *"The deleveraging of OG paves the way for the refinancing of our GSG asset in Berlin this spring. GSG, with its low risk - high upside potential, shall remain at the heart of the OPG investment strategy. This conversion in OPG shares, following the MSREF transaction, strengthens the Group's equity and its value creation capacity, and opens new equitization possibilities for the OPG bondholders"*.

For more information, please write to [investors@orcogroup.com](mailto:investors@orcogroup.com).