

Corporate Governance Report

1. Introduction

Good corporate governance improves transparency and the quality of reporting, enables effective management control, safeguards shareholder interests and serves as an important tool to build corporate culture. Orco Property Group (“Orco” or the “Company”) is dedicated to acting in the best interests of its shareholders and stakeholders. Towards these ends, it is recognized that sound corporate governance is critical. The Company is committed to progressively implement industry best practices with respect to corporate governance and has been adjusting and improving its internal practices in order to meet evolving standards. The Company is aiming to regularly communicate to its shareholders and stakeholders regarding corporate governance and to provide regular updates on its website.

Since the Company was founded in 1991, its accounts have been audited regularly throughout the year. At present, it uses two Luxembourg auditing firms, PricewaterhouseCoopers and HRT Revision. In addition, Company’s portfolio of assets is regularly valued by an independent expert, DTZ.

In 2007, the Board of Directors adopted the Director’s Corporate Governance Guide and continues to communicate throughout the group based on the values articulated by this guide.

Although there are no mandatory rules on corporate governance applicable to companies incorporated in Luxembourg, the Company nevertheless aims to implement corporate governance best practices inspired by the recommendations applicable in Luxembourg, France, the Czech Republic, Hungary and Poland.

On 7 September 2009, the Board of Directors created the following committees:

- Audit Committee;
- Remuneration, Appointment and Related Party Transaction Committee;
- Restructuring Committee;
- Investment and Development Committee.

The implementation of decisions taken by these committees enhances the Company’s transparency and corporate governance. A detailed discussion of the respective committee members and functions is set forth in greater detail below.

In 2009, the Company also began applying the best practices recommended by the European Public Real Estate Association (EPRA), of which it has been a member since 2009, and which major listed European real estate companies follow.

In 2009 and 2010, Orco reviewed the reporting structures of leaders in the real estate development industry and started adapting those structures to its own corporate structure. As

such, the Company restructured its reporting by business lines in order to optimize reporting practices in its two activities: development and asset management, thereby improving reporting for internal management and external communication.

2. Management

2.1 Board of Directors

The Board of Directors represents collectively the shareholders and acts in the best interests of the Company. Each member, whatever his/her designation, represents the Company's shareholders. The Board of Directors meetings are held as often as deemed necessary or appropriate at the request of the Chairman. All members, and in particular the independent and non-executive members, are guided by the interests of the Company and its business, such interests including but not limited to the interests of the Company's shareholders and employees.

The members of the Board of Directors are elected by the general meeting of shareholders for a period not exceeding six years. They are eligible for re-election and may be removed at any time, with or without cause, by a resolution adopted by the simple majority of votes of the general meeting of shareholders. The Directors may be either natural persons or legal entities. A legal entity that is appointed to the Board of Directors shall designate a natural person as its representative.

The Shareholders General Meeting held on 26 April 2010, renewed the mandate of the Company's Board of Directors. On 19 May 2010 S.P.M.B. a.s. a Czech legal entity represented by Ms Eva Janečková, acting as its permanent legal representative, announced to the Company its resignation from the Board of Directors. Following this resignation, the Board of Directors is comprised of 11 directors among which 7 are independent directors meaning they are not involved in management and are not employees or advisors with regular salary, or give professional services such as external audit, legal advisors, and also meaning that they are not related person or close relative of any management member or majority shareholder of the Company. All members of the Board of Directors have a mandate until the general meeting of shareholders approving the accounts for the financial year ended on 31 December 2012. As of 24 March 2011 the Board of Directors consists of:

- 4 executive members representing the management of the Company: Mr. Jean-François Ott, Mr. Nicolas Tommasini, Mr. Ales Vobruba, and Ott & Co. S.A., legal entity represented by Mr. Jean-François Ott,
- 5 independent members: Mr. Silvano Pedretti, Mr. Guy Wallier, Mr. Bernard Kleiner, Mr. Alexis Juan, and Mr. Robert Coucke,
- 2 non-executive members representing the shareholders: Geofin, a.s, legal entity represented by Mr. Daniel Barc and Prosperita investicni spolecnost, a.s, legal entity represented by Mr. Miroslav Kurka.

Mr. Jean-François Ott was appointed as Chairman of the Board of Directors and Mr. Nicolas Tommasini as Secretary of the Board of Directors.

2.2 Committees of the Board of Directors

The Board of Directors held on 7 September 2009 resolved to create the following committees:

- Audit Committee;
- Remuneration, Appointment and Related Party Transaction Committee;
- Restructuring Committee;
- Investment and Development Committee.

The Board of Directors appointed members of these committees. Independent and non – executive directors are a significant part of these committees. The Board of Directors held on 20 May 2010 resolved to (i) confirm the existence of the below committees of the Board of Directors and (ii) renew the appointment of their members.

2.2.1 Audit committee

The members of the Audit Committee are three independent Board of Directors members, Mr. Bernard Kleiner (chairman), Mr. Silvano Pedretti, and Mr. Alexis Juan. Mr. Nicolas Tommasini resigned from the Audit Committee during the second half of 2010.

The Audit Committee reviews the Company’s accounting policies and the communication of financial information. In particular, the Audit Committee has followed the auditing process, reviewed and enhanced the Company’s reporting procedures by business lines, reviewed risk factors and risk control procedures, analyzed the Company’s group structure, assessed the work of external auditors, examined consolidated accounts, verified the valuations of real estate assets made by DTZ, marked bonds to market and audited reports. Since the appointment of the current Audit Committee, ten meetings took place.

2.2.2 Remuneration, Appointment and Related Party Transaction Committee

The members of the Remuneration, Appointment and Related Party Transaction Committee (“Remuneration Committee”) are Mr. Guy Wallier (Chairman), Mr. Robert Coucke and Mr. Jean-François Ott. The Remuneration Committee presents proposals to the Board of Directors about remuneration and incentive programs to be offered to the management and the Directors of the Company. Remuneration Committee also deals with related parties transactions.

2.2.3 Restructuring Committee

The members of the Restructuring Committee are Mr. Alexis Juan (Chairman), Prosperita investicni spolecnost, a.s. represented by Mr. Miroslav Kurka, Mr. Ales Vobruba and Mr. Jean-François Ott. The Restructuring Committee focuses on restructuring, cost cutting and other saving efforts within the Group. Since the appointment of the current Restructuring Committee, there was one meeting in 2009, one meeting in 2010 and one meeting in 2011.

2.2.4 Investment and Development Committee

The members the Investment and Development Committee of the Board of Directors are Mr. Silvano Pedretti (chairman), Mr. Robert Coucke, Mr. Ales Vobruba and Mr. Nicolas Tommasini. There was no meeting of the Investment and Development Committee in 2009 and two meetings in 2010.

2.3 Third-party influence on the election of the members of the Board of Directors

The Board of Directors committed itself to propose at the next General Meeting of the Company the election of two candidates among those presented by Lansdowne as members of the Board of Directors. If the candidates are elected, the Board of Directors committed itself to appoint them to all committees but the Remuneration Committee.

3. Management of the Orco (Executive Committee)

The Management of the Company is also known as the Executive Committee. As of 24 March 2010, the Company's Executive Committee consisted of the following members:

- Mr. Jean-Francois Ott, Chief Executive Officer, with professional address at 25 rue de Balzac, F- 75406 Paris Cedex 08;
- Mr. Nicolas Tommasini, CFO and Deputy Chief Executive Officer, with professional address at 25 rue de Balzac, F- 75406 Paris Cedex 08;
- Mr. Ales Vobruba, Managing Director of ORCO Czech Republic and ORCO Slovakia, with professional address at Luxembourg Plaza, Premyslovska 2845/43, 130 00 Prague 3, Czech Republic;
- Mr. Yves Désiront, Chief Financial Officer Orco Property Group S.A., with professional address at 42, rue de Vallée, L-2661 Luxembourg;
- Mr. Martin Gebauer, Asset Management Director, with professional address at Luxembourg Plaza, Premyslovska 2845/43, 130 00 Prague 3, Czech Republic;
- Mr. Ogi Jaksic, Development Director, with professional address at Luxembourg Plaza, Premyslovska 2845/43, 130 00 Prague 3, Czech Republic.

The members of the Executive Committee are meeting on a regular basis to review the operating performances of the business lines and the containment of the operating expenses. The Executive Committee members are also the permanent members of the management's investment committee which is the governing body for all management decisions and for preparation of analyses concerning the acquisition, sale or development of any real estate asset for the Board of Directors. A new procedure has been established on the basis of the business lines' management formalizing the decision chain and triggers.

Jean-François Ott, born in 1965, founded Orco Property Group S.A. in 1991 is today the Chief Executive Officer, President and Chairman of the Board of Directors. Mr. Ott served 18 months in South Korea for the French group Framatome, before starting a successful career as a derivatives trader in Paris. Based in Paris, he is responsible for Orco Property Group's strategy, new business development, group finance issues as well as banking and investor relations. Mr. Ott has 18 years of experience both in real estate development and business in

Central Europe. He was only 26 years old when he started Orco Property Group in 1991, purchasing its first office building in Prague. Thanks to this long experience, having lived seven years in Prague as well as extensive and continuous travel in the region, Mr. Ott is well acquainted with each country, market and the main players in Central Europe. He was responsible for launching new Orco Property Group subsidiaries in Budapest, Warsaw, Bratislava, and Moscow. He was also in charge of developing new activities such as residential buildings, extended stay hotels and luxury hotels. In nearly twenty years of experience, he has acquired, developed and financed more than 100 projects. Mr. Ott is also the representative and managing director of Ott & Co. S.A., which is a member of the Board of Directors of Orco Property Group S.A. and Orco Germany S.A. Mr. Ott graduated in Finance and Economics from the Political Sciences Institute and the Owners Directors Program at INSEAD. He is married to Corinne, who is originally from Texas, and has two children. Mr. Ott speaks fluently French, English and German.

Nicolas Tommasini, CFO and Deputy CEO of Orco Property Group, was involved in business development in Eastern and Central Europe prior to joining Orco Property Group. Mr. Tommasini works for Orco Property Group since 1997 and he has held several senior roles since then. He was, amongst others, responsible for the Group international development based in Prague, and first Country Manager of Orco Hungary in 2000. He was appointed CEO of MaMaison Residences at the end of 2002 and led MaMaison and Orco international development, notably in Germany in 2004 and 2005. In 2003 he was also named Vice President in charge of hospitality division for Orco Property Group, and Managing Director of the Endurance Hospitality Fund, based in Prague. End 2007, Mr. Tommasini was named responsible for strategy and special projects of the Group, based in Paris. Since 2009, Mr. Tommasini serves as Deputy CEO and CFO. Mr. Tommasini manages the investment and partnership transactions, overlooks Orco Germany where he is a member of the Board of Directors, financial reporting & consolidations, Group cash management, leads local countries CFOs, heads Group Legal and Group business planning and investor relations functions. Mr. Tommasini, a French native, holds a degree in political science from the Institut d'Etudes Politiques de Paris and an MSc in International finance from Lancaster University. Mr. Tommasini, born in 1971, lives in Paris, is married and has three children.

Ales Vobruba, Managing Director of Orco Czech Republic and Orco Slovakia, joined Orco Property Group in 1995. Seated in Prague, he held several senior positions within Orco Property Group in CEE region. Nowadays, his main responsibilities are bank financing and development strategy within Orco Property Group as well as managing day to day operations of Czech and Slovak office. He also is a member of the Board of Directors of Orco Germany S.A. Before starting to work with Orco Property Group, Mr. Vobruba worked in PZO Artia, Dopravni Stavby Olomouc and TAP / ARC (construction and advertising). Mr. Vobruba, a Czech native, studied foreign trade at VSE (economical university) in Prague. Mr. Vobruba, born in 1959, is married and has two children.

Yves Désiront, Chief Financial Officer of Orco Property Group S.A., graduated as Ingénieur Commercial of I.C.H.E.C. Brussels. Mr. Désiront joined Orco Property Group in 2005 after a 7 year position as Head of Consolidation in Groupe Bruxelles Lambert a Belgian holding company listed on Euronext Brussels and a three year middle management position at Générale de Banque (Fortis). Mr. Désiront is heading the consolidation, Group treasury management, controlling and business intelligence departments. With his teams, he is responsible for the establishment of all internal and external financial reporting. He is also supporting the Group CFO in his various responsibilities.

Martin Gebauer is Asset Management Director. Before joining the Group in 2003, Mr. Gebauer was a financial director of a British hospitality group in Spain. Prior to that he spent five years with Ernst & Young assurance services in the Czech Republic and United States. He is a member of the Association of Certified Accountants in Great Britain and holds an MSc in Economics and Management of Civil Engineering from the Czech Technical University, with graduation from the City University of London.

Ogi Jaksic is Development Director. Graduated from the University of Economics from Banjaluka, Serbia, and followed a European Executive MBA in Finance at the ESCEM Group School of Business and Management. For his entire career he has been active in real estate development in the Czech Republic. He joined ORCO from AFI Europe, a member of Africa Israel Group, the largest Israeli developer and one of the largest Central European real estate developers with activities in the Czech Republic, Romania, Serbia, Bulgaria, Germany and Poland, where he worked for nearly ten years as Commercial and Development Director for the Czech Republic and Slovakia.

4. Remuneration and benefits

4.1 Board of Directors

In November 2009, the Board of Directors approved the remuneration that the Board members receive, except the Executive Board Members:

- (i) a payment of EUR 1,000 per Board member for all physical Board meetings that are held where that Board member is in attendance (not for circular Board resolutions);
- (ii) a payment of EUR 1,000 per committee member for all committee meetings that are held where that committee member is in attendance (not for circular committee recommendations);
- (iii) a payment of EUR 1,500 per committee president for all committee meetings that are held where that committee chairman is in attendance (not for circular committee recommendations); and
- (iv) a payment of EUR 4,500 for the President of an Ordinary General Meeting or an Extraordinary General Meeting. This sum will not include the President's reasonable expenses and fees in preparing for the Ordinary or Extraordinary General Meeting, which he may invoice to the Company for reimbursement. In the event that the Ordinary or Extraordinary General Meeting is not held, but that the President prepared for the meeting, the President will be entitled to an indemnification of EUR 1,500.

The application of the President's payment of EUR 4,500 per Ordinary or Extraordinary General Meeting will be retroactively applied to January of 2009. All other payments referenced in this Resolution will only be retroactive until 1 July 2009. All payments will be made on a quarterly basis. For their attendance at board meetings, entitled board members received an aggregate amount of EUR 96,500 for 2010 and EUR 50,500 for 2009

4.2 Executive Committee

A global consideration giving a short term employee benefit to the members of the Executive

Committee amounts to EUR 1.8 Million as at 31 December 2010 (EUR 4.5 Million in 2009, EUR 6.4 Million in 2008), out of which EUR 0.2 Million that will only be paid at the termination of the contract of current Executive Board Members.

4.3 Employee stock options

The stock option plan voted by the Board of Directors on 21 January 2008 was not allocated due to the financial conditions. No options were exercised in 2009 and in 2010. As at December 2010, 60,000 options at EUR 75.60 are outstanding.

5. Board of Directors practices

Orco shall be managed by the Board of Directors made up of at least three members, who each need to hold at least one share of Orco.

The Board of Directors represents Orco towards third parties and at law, either as claimant or as defendant. Writs served for or against Orco shall be validly made in the name of the sole Company.

The Directors shall be appointed by the General Meeting for a period of office not exceeding six years; they shall be eligible for re-election and may be removed at any time by decision of the General Meeting resolving at the simple majority of votes.

In the event of a vacancy in the office of a Director, the remaining Directors may provisionally fill such vacancy, in which case the General Meeting of shareholders shall proceed to the final election at the time of its next following meeting.

Where there happens to be five offices of Director vacant however, the Chairman and General Manager, and lacking this, the most senior Director then in office, shall be bound to convene an Extraordinary General Meeting for the purpose of renewing the Board of Directors.

5.1 Directors may be either natural persons or legal entities

Legal persons appointed as Directors must, as soon as they apply for an office in a capacity as Director, designate a representative, who shall be a natural person, who shall attend meetings of the Board of Directors in their name. Such representative shall be subject to the same conditions and obligations and shall incur the same liability as if he had been appointed as Director in his own name, without prejudice to a joint and several liability of the legal person he represents. The power of attorney evidencing the fact that he is empowered to validly represent and to commit the said legal entity for his period of office must be handed over to Orco at the time the Board of Directors is appointed.

The power of attorney of the agent of the legal person must be renewed at the time of each and any renewal of the Board of Directors.

In the event that the legal person would revoke the power of attorney of its representative, it shall be bound to notify such dismissal to Orco without delay by registered letter, and to include in such letter the identity of its new representative. The same applies in the event of the death, resignation or lengthy impediment or prevention of the permanent representative.

Any employee of Orco may be appointed Director of Orco subject to his employment contract being executed prior to his appointment, and corresponding to an actual employ. The

number of Directors linked to Orco by an employment contract may in no event exceed one third of the Directors in office.

5.2 Powers of the Board of Directors

The Board of Directors is empowered to carry out all and any acts deemed necessary or useful in view of the realization of the corporate purpose; all matters that are not reserved for the General Meeting by law or by the present Articles of Association shall be within its competence.

In its relationship with third parties, Orco shall even be bound by acts exceeding Orco's corporate purpose, unless it can prove that the third party knew such act exceeded Orco's corporate purpose or could not ignore this taking account of circumstances.

The Directors do not contract any personal obligation with regard to the commitments of Orco.

The Directors however remain responsible towards Orco in accordance with common law as regards the due discharge of their duties as given and any faults committed along their period in office.

The Directors shall be jointly and severally liable, either towards Orco or towards third parties, for all and any damages resulting from infractions to the provisions of the law of 10 August 1915, as subsequently amended, or to the present Articles of Association. They may only be granted discharge from such liability, as regards infractions to which they have taken part, if no fault may be attributed to them and they have denounced such infractions before the next following General Meeting as soon as they have had cognisance of such infractions.

5.3 Deliberations

The Board of Directors may only deliberate if the majority of its members are present or represented, a proxy between Directors, which may be given in writing, by telegram, telex or fax being admitted. In cases of emergency the Directors may vote in writing, by telegram, telex or fax.

The decisions of the Board of Directors shall be taken at a majority of votes; in case of a tie, the Chairman of the meeting shall have a casting vote.

Resolutions signed by all the members of the Board of Directors shall be just as valid and enforceable as those taken at the time of a duly convened and held meeting of the Board.

The Secretary shall make sure to get a specimen of the signatures of all Directors, and the Chairman and General Manager shall check that they correspond to those affixed on all and any documents signed outside of meetings.

5.4 Delegations of powers, Managing of Directors

The Board of Directors may delegate all or part of its powers regarding the daily management as well as the representation of Orco with regard to such daily management to one or more Directors, who need not be shareholders. Are likewise included in the daily management of Orco all operations carried out in relation with the corporate purpose, such as real estate acquisitions, the taking of participating interests and the placing at disposal of loans to group

companies, all bank financing operations without limit as to their amount, as well as all and any kinds of investment, without such list being limitative.

Any such delegation to a member of the Board of Directors shall be subject to the prior approval of the General Meeting, and any delegation must be filed with the Luxembourg Trade and Companies Register in accordance with the provisions of Article 9 of the law of 1915, as subsequently amended.

The Board of Directors shall likewise designate a Secretary, including outside the Board of Directors. The Secretary shall be in charge of convening the Directors to the meetings of the Board of Directors, of keeping the register of attendance, of ensuring the drawing of minutes of any meetings, and to deliver requested copies or abstracts of the same.

In the event of the absence or impediment of the Managing Director, the Board of Directors shall designate at the time of each meeting the one of its members who shall act as Chairman of the meeting. Barring another agreement, the most senior Director shall chair the meeting.

The Managing Director and Secretary shall be at all times eligible for re-election.

5.5 Signatory powers within the Board of Directors

Orco shall be validly bound either by the joint signatures of any two Directors or by the single signature of a Managing Director.

6. Shareholders

6.1 Share capital and voting rights

As of 24 March 2011, the subscribed and fully paid-up capital of the Company of EUR 57,620,850.60 is represented by 14,053,866 shares without nominal value. The par value price is set up at EUR 4.10 per share.

The corporate capital may be increased up to an amount of three hundred million and one euro and twenty cents (€300,000,001.20)

All the shares issued by Orco are fully paid and have the same value. The shares will be either in the form of registered shares or in the form of bearer shares, as decided by the shareholder, except to the extent otherwise provided by law.

The shareholder can freely sell or transfer the shares. The shares are indivisible and Orco only recognizes one holder per share. If there are several owners per share, Orco shall be entitled to suspend the exercise of all rights attached to such shares until the appointment of a single person as owner of the shares towards Orco. The same shall apply in the case of usufruct and bare ownership or security granted on the shares.

The joint owners of shares shall be represented within Orco by one of them, considered as sole owner or by a proxy, who in case of conflict may be legally designated by a court at the request of one of the owners.

6.2 Shareholder holding structure

To the best of the Company's knowledge, the following table sets out information regarding the ownership of the Company's shares as of 24 January 2011.

Please note that the Company, as a company listed on four stock exchanges, has no control over transactions with the Company's shares done by its shareholders. The Company can provide updated information regarding the board and executive committee member shareholding, and those shareholders who eventually notify the Company on crossing relevant thresholds (if any) pursuant to the articles and transparency requirements and for those shares which are registered in the shareholders register. Therefore, the latest information the Company has as of 24 January 2011 (except otherwise stated) is the following:

Shareholders	Number of shares	% of capital	% Voting Rights
Lansdowne Capital	1,000,000	7.12	7.12
Axa Investment Managers	856,751	6.09	6.09
Millenius <i>(information as of 19 April 2010)</i>	847,600	6.03	6.03
Neptune Invest Sàrl <i>(information as of 19 April 2010)</i>	740,000	5.27	5.27
Hillgrove Investments Group	300,000	2.13	2.13
Finplat SA	300,000	2.13	2.13
Clannathone <i>(information as of 19 April 2010)</i>	227,000	1.62	1.62
Ott&Co SA	177,003	1.26	1.26
M. Silvano Pedretti	100,000	0.71	0.71
Joho Compagnie	40,058	0.28	0.28
Bugle <i>(information as of 19 April 2010)</i>	30,000	0.21	0.21
Alandia Investments	20,000	0.15	0.15
Treasury shares	9,761	0.07	(suspended) 0.07
Other	9,405,693	66.93	66.93
Total	14,053,866	100	100

Some of the shareholders have been mentioned into this chart with information as of 19 April 2010 as the Company has no information on the capital ownership and voting rights of such shareholders as of January 2011.

On 24 March 2010, a group of shareholders declared to the Company a holding of 10.09% of the Company's shares and voting rights, based on the number of shares composing the share capital of the Company at that time which amounted to 10,943,866 shares. They asked the Company's Board of Directors to convene a General Meeting before the end of April 2010.

They were composed of:

- Millenius Investments S.A., a “société anonyme” located 37 rue d’Anvers, L-1130 Luxembourg, RCS B 149.601, whose directors are Gaël Paclot, a French National residing in Switzerland, Jean Van den Esche and Mario Brero and which economic beneficiary is Gaël Paclot, 44 rue Berard, CH-1936 Verbier (Switzerland).
- Clannathone Stern S.A., a “société anonyme” located 11, rue des Colonies, B-1000 Bruxelles, RCS 0867341435, represented by MM Alain Bremont, Jean-Louis Geylard and Johanna Klerk, and whose economic beneficiary is Eric Cleton.
- Bugle Investments Ltd., an “international business company” located in Seychelles, Suite 13, First Floor, Oliaji Trade Centre, Francis Rachel Street, Victoria, Mahe, Republic of Seychelles, which representative and economic beneficiary is Marc Catellani, a French national residing in Switzerland.

On 6 April 2010 the Board of Directors of the Company approved a private placement of EUR 6.1 Million in the form of a capital increase under its authorized capital in favour of funds managed by AXA Investment Managers S.A. and Neptune Invest S.à r.l. for 750,000 and 340,000 shares. AXA and Neptune subscribed to the capital increase on 8 April 2010. The share capital of the Company increased to EUR 49,338,850.60 represented by 12,033,866 shares without nominal value.

On 8 April 2010, the Board of Directors approved a private placement of EUR 7.1 Million in the form of a capital increase of its authorized capital in favour of Alandia Investissements, Neptune Invest S.à r.l. and Lansdowne Capital S.A. (an affiliate of SPQR Capital) for 20,000, 400,000, and 1,000,000 shares respectively. The foregoing investors subscribed to the capital increase on 9 April 2010. The share capital of the Company has therefore increased to EUR 55,160,850.60 represented by 13,453,866 shares without nominal value.

On 14 April 2010, the Board of Directors approved and ratified a private placement of EUR 3 Million in the form of a reserved capital increase within its authorized capital in favour of Hillgrove Investments Group Limited for 300,000 shares and FINPLAT S.A. for 300,000 shares. The foregoing investors subscribed to the capital increase on 13 April 2010. The share capital of the Company has thus been increased to EUR 57,620,850.60 represented by 14,053,866 shares without nominal value.

On 19 April 2010, Axa Investment Managers S.A. notified on behalf of its subsidiaries: Axa Investment Managers UK Ltd., with registered office at 7 Newgate Street London, EC1A 7NX, United Kingdom, incorporated under number 1431068 holds 704,835 shares representing 5.86 % of voting rights of the Company and Axa Investment Managers Paris with registered office at Coeur Défense Tour B La Défense 4, 100 esplanade du Général de Gaulle 92400 Courbevoie, RCS number : 393 051 826 RCS Nanterre holds 170,000 shares representing 1.41% of voting rights of Company. In total Axa Investment Managers holds via its subsidiaries 874,835 shares representing 6.22 % of voting rights of the Company based on the number of shares composing the share capital of the Company after the capital increase approved by the Board of Directors of the Company on 6 April 2010.

On 23 April 2010 Neptune Invest S.à.R.L. with registered office at F-92086 Paris la Défense cedex, Tour Allianz Neptune, 20, place de Seine, France, registered with RCS Nanterre, number 444 592 455 notified the Company that it holds 740,000 of the Company’s shares, representing 5.50% of voting rights of Company, based on the number of shares composing

the share capital of the Company after the capital increase approved by the Board of Directors of the Company on 8 April 2010.

On 23 April 2010 Lansdowne Capital S.A. a stock company with registered office at Avenue de la Liberté 25, L-1931 Luxembourg, Grand Duchy of Luxembourg, registered with the R.C.S. Luxembourg under number B87.091 notified the Company that it holds 1,000,000 of Company's shares, representing 7.43% of the voting rights of the Company, based on the number of shares composing the share capital of the Company after the capital increase approved by the Board of Directors of the Company on 8 April 2010.

None of the Company's principal shareholders has voting rights different from any other holders of the Company's Shares. To the Company's knowledge, the Company is not aware of any person who owns, directly or indirectly, or exercises control of the Company.

7. General meetings of shareholders

7.1 Ordinary general meetings of shareholders

Shareholders at the general meeting of shareholders shall have the broadest powers to adopt or ratify any action relating to Orco. Directors' appointments shall be made in accordance with the ordinary rules of deliberating assemblies. Every shareholder shall be entitled to vote personally or by proxy in conformity with the provisions of the Articles of Association. Every shareholder may take part in the deliberations, with a number of votes equal to the number of shares held by him, without limitation. The Board of Directors is entitled to adjourn a meeting, while in session, to four weeks later upon request of a shareholder or shareholders. It must do so at the request of shareholders representing at least one-fifth of the share capital of Orco. Any such adjournment, which shall also apply to general meetings called for the purpose of amending the Articles of Association, shall cancel any resolution passed until it is again taken up at the second general meeting. The second meeting shall be entitled to pass final resolutions provided that, in cases of amendment of the Articles of Association, the conditions as to quorum laid down by Article 22 of the Articles of Association are fulfilled. The annual general meeting of shareholders will be held on the last Thursday of April at 2 p.m. CET time in Luxembourg at the registered office or at such other place as may be specified in the notice convening the meeting. If such day is a public holiday, the meeting will be held on the following business day. The Board of Directors and the auditors are entitled to convene the general meeting of shareholders. They must convene such meeting if shareholders which represent one-tenth (notwithstanding the Articles of Association which refer to an older law of two-tenths) of the share capital require it by a written request, indicating the agenda proposed for such meeting. Such meeting will be held within one month of the written request. The notices for each general meeting of shareholders shall contain the agenda and shall be published two times, each at an interval of eight days, with the second notice being published at least eight days prior to the meeting, in the *Mémorial* and in a Luxembourg newspaper. If all shares are in registered form, the notices can only be sent by registered mail. At the annual general meeting, shareholders shall also receive the directors' and statutory and/or independent auditors' reports as well as the annual accounts. The annual accounts are to be filed by the directors of Orco at the Register of Commerce and Companies within the month of their approval.

7.2 Extraordinary general meetings of shareholders/bondholders

A resolution adopted at an extraordinary general meeting of shareholders may amend any provision of the Articles of Association. However, the nationality of Orco may be changed and the commitments of its shareholders may be increased only with the unanimous consent of all shareholders and bondholders of Orco.

The extraordinary general meeting of shareholders shall not validly deliberate unless at least one half of the capital is represented and the agenda indicates the proposed amendments to the Articles, and where applicable, the text of those which concern the purposes or the form of Orco. If the first of these conditions is not satisfied, a second meeting may be convened, in the manner prescribed in the Articles of Association, by publishing twice, each at an interval of fifteen days, with the second notice being published at least fifteen days before the meeting, notices of such meeting in the *Mémorial* and in two Luxembourg newspapers. Such convening notice shall reproduce the agenda and indicate the date and the results of the previous meeting. The second meeting shall validly deliberate, regardless of the proportion of the capital that is represented. At both meetings, resolutions must be approved by at least two-thirds of the votes of the shareholders present or represented in order to be adopted.

The Board of Directors may decide that in order to attend the extraordinary general meeting of shareholders, the owner of shares shall block their shares five business days before the date of the meeting; every shareholder shall be entitled to vote personally or by a proxy. Each share entitles its holder to one vote. Any amendments concerning the purposes or the form of Orco must be approved by the general meeting of all bondholders of Orco. Such meeting shall not validly deliberate unless at least one half of the bonds outstanding are represented and the agenda indicates the proposed amendments. If the first of these conditions is not fulfilled, a second meeting may be convened in accordance with the conditions noted above. At the second meeting, bondholders who are not present or represented shall be regarded as being present and as voting for the proposals of the Board of Directors. The following requirements must be met subject to avoidance of any resolutions adopted in breach thereof:

- the notice of the second meeting must contain the agenda of the first meeting and indicate the date and the minutes of that meeting;
- the notice must specify the proposals of the Board of Directors on each of the items of such agenda, indicating the amendments proposed; and
- the notice must contain a notice to bondholders that failure to attend the meeting shall be deemed to indicate support for the proposals of the Board of Directors.

At both meetings, resolutions shall be validly adopted if they receive the approval of two-thirds of the votes.

8. Corporate Governance rules and regulations

8.1 Reference to Corporate Governance rules:

In reference to the Luxembourg law of 19 May 2006 the Board of Directors especially states on the following points:

- 8.1.1** The structure of the capital, including securities which are not admitted to trading on a regulated market in a Member State, where appropriate with an indication of

the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents:

- The share capital of Orco is represented by only one class of shares which are all admitted for trading on the Paris stock exchange, the Prague Stock Exchange, the Warsaw Stock Exchange and the Budapest Stock Exchange.

8.1.2 Any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC:

- There is no restriction on the transfer of securities of Orco as of 24 March 2011.

8.1.3 Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC:

- None of the Company's principal shareholders has voting rights different from any other holders of the Company's Shares.
- To the Company's knowledge, the Company is not aware of any person who owns, directly or indirectly, or exercises control of the Company.
- The information collected is based on the notifications received by the Company from any shareholder exceeding either up or down the thresholds of 2.5%, 5%, 10%, 15%, 20%, 33%, 50% and 66% of the aggregate rights of vote in the Company.

8.1.4 The holders of any securities with special control rights and a description of those rights:

- This is not applicable

8.1.5 The system of control of any employee share scheme where the control rights are not exercised directly by the employees:

- This is not applicable. The Company has no employee share scheme. Nevertheless, a share option plan has been set up. Share options are granted to certain directors and senior employees. The options are granted at the market price on the date of the grant and are exercisable at that price.

8.1.6 Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities:

- There is no restriction on voting rights

8.1.7 Any agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC:

- To the knowledge of Orco, no shareholders agreements have been entered by and between shareholders.

8.2 Conflicts of interest

No member of the Board of Directors holds a position in another company or institution that constitutes a conflict of interest with their position in Orco, nor have they any interest, conflicting or otherwise, that is material.

8.3 Third-party influence on the election of the members of the Board of Directors

The Board of Directors committed itself to propose at the next General Meeting of the Company the election of two candidates among those presented by Lansdowne as members of the Board of Directors. If the candidates are elected, the Board of Directors committed itself to appoint them to all committees but the Remuneration Committee.

9. Additional information

9.1 Legal form and share capital

Orco is a public limited company ("*société anonyme*") incorporated and existing under Luxembourg laws, its corporate capital is set As of 28 March 2011, the subscribed and fully paid-up capital of EUR 57,620,850.60 is represented by 14,053,866 shares without nominal value. The par value price is set up at EUR 4.10 per share.

9.2 Date of incorporation and termination

Orco was incorporated by deed drawn on 9 September 1993 by Maître Frank Baden, for an indeterminate period of time.

9.3 Jurisdiction and applicable laws

Applicable law

Orco Property exists under the Luxembourg Law of 10 August 1915 on commercial companies, as amended (the "Luxembourg Law of 10 August 1915"). As Orco shares are listed on Budapest Stock Exchange, Euronext Paris, Prague Stock Exchange, and Warsaw Stock Exchange, the Securities laws of these countries could be applicable.

9.4 Object of business

As described within article 4 of the updated Articles of Association of Orco, the corporate purpose of Orco is the direct acquisition of real property, the taking of participations and the placing of loans at disposal for companies that form part of its group. Its activity may consist in carrying out investments in real estate, such as the purchase, sale, construction, valorization, management and rental of buildings, as well as in the promotion of real estate, be it on its own or through its branches.

Likewise, its activity may consist in carrying out investments as regards the hotel industry, such as the purchase, sale, construction, valorization, management and running of hotels on its own or through its branches.

It has as a further corporate purpose the taking of participations, in any form whatsoever, in any commercial, industrial, financial or other Luxembourg or foreign companies, whether they are part of the group or not, the acquisition of all and any securities and rights by way of participation, contribution, subscription, underwriting or purchase options, or negotiation, and in any other way, and in particular the acquisition of patents and licenses, their management and development, the granting to undertakings in which it holds a direct or indirect stake of all kinds of assistance, loans, advances or guarantees and finally all and any activities directly or indirectly relating to its corporate purpose. It may thus play a financial role, or carry out an activity of management in enterprises or companies it holds or owns.

Orco may likewise carry out all and any commercial, movable, immovable and financial operations likely to relate directly or indirectly to the activities defined above and susceptible of promoting their fulfillment.

9.5 Trade register

RCS Luxembourg B 44 996

9.6 Financial year

Orco's financial year begins on the first day of January and ends on the thirty-first day of December.

9.7 Distribution of profits and payment of dividends

Each year, five per cent at least of the net corporate profits shall be set aside and allocated to a reserve ; such deduction shall stop being mandatory when such reserve reaches ten per cent of the corporate capital, but shall be taken up whenever such ten per cent reserve is breached. The General Meeting shall decide on the allocation and distribution of the net corporate profits.

Payment of dividends:

The Board of Directors is entitled to pay advances on dividends when the legal conditions listed below are fulfilled:

- an accounting statement must be established which indicates that the available funds for the distribution are sufficient;
- the amount to be distributed may not exceed the amount of results realized since the end of the last accounting year for which the accounts have been approved, increased by the reported profits and by the deduction made on the available reserves for this

purpose and decreased by the reported losses and by the sums to allocate in reserves in accordance with a legal and statutory provision;

- the Board of Directors' decision to distribute interim dividends can only be taken within two months after the date of the accounting statement described above;
- the distribution may not be decided less than six months after the closing date of the previous accounting year and before the approval of the annual accounts related to this accounting year;
- whenever a first interim dividend has been distributed, the decision to distribute a second one may only be taken at least three months after the decision to distribute the first one; and
- the statutory and independent auditor(s) in its (their) report to the Board of Directors confirm(s) the conditions listed above are fulfilled.

Under general Luxembourg law, the conditions for making advances on dividends are less stringent than the conditions listed above, however, the more restrictive provisions of the Articles of Association will prevail as the recent changes under Luxembourg law have not yet been reflected in the Articles of Association of Orco.

When an advance distribution exceeds the amount of dividend subsequently approved by the general meeting of shareholders, such advance payment is considered as an advance on future dividends.

9.8 Exceeding a threshold

Any shareholder who goes over or under the limit of 2.5%, 5%, 10%, 15%, 33%, 50% and 66% of the total of the voting rights is obliged to inform Orco, which is then obliged to inform the relevant controlling authorities. Any shareholder not complying with this obligation won't keep his voting right at the next General Meeting.

9.9 Documents on display

Copies of the following documents may be inspected at the registered office of Orco (tel : +352 26 47 67 1), 40 Parc d'Activités Capellen, L-8308 Capellen, Luxembourg, on any weekday (excluding public holidays) during normal business hours :

1. Articles of Association of Orco;
2. Audited consolidated financial statements of Orco as of and for the years ended 31 December 2010, 2009 and 2008, prepared in accordance with IFRS;

The registration document and most of the information mentioned are available on Orco website www.orcogroup.com.

The registration document is available on the website of Luxembourg Stock Exchange: www.bourse.lu.

10. Procédure de Sauvegarde

Having reviewed all options, strategic and financial, Orco's Board of Directors has decided in March 2009 to apply for the Company to benefit from a "*Procédure de Sauvegarde*", a French legal provision that enables a company, which Centers of Decisions and Main

Interests are located in France, to pursue operations while protecting its business from creditors' claims for a limited period of time to allow the management to complete its restructuring plan both financially and operationally.

By judgment of the Tribunal dated 25 March 2009 and pursuant to the European Regulation n°1346/2000 and articles L.620-1 *et seq.* of the French Commercial Code, the Company was placed under a Safeguard Procedure (*Procédure de Sauvegarde*) in Paris, where the Company's center of main interests was found by the Court to be located, for an initial "observation period" of six months, which was later extended twice until 25 June 2010.

During this observation period, the Company was entitled to continue its activities without paying the liabilities it incurred prior to the judgment opening the procedure, but any liability incurred after the judgment opening the procedure (i.e. 25 March 2009) had to be paid by the Company as and when it falls due.

A judicial administrator was appointed in order to oversee the running of the Company. Although the Company's management must keep the administrator informed of the Company's ongoing business, the administrator had no legal power to act on behalf of the Company and only the management was empowered to act on behalf of the Company, subject to:

- settlement agreements, granting of security interests and more generally "acts which do not fall within the ordinary course of business", which had first to be authorized by the supervisory judge (*juge commissaire*), and
- the prohibition to pay liabilities incurred prior to the opening of the Safeguard Procedure, which shall be repaid according to the draft Safeguard plan.

The Tribunal also appointed a judicial receiver (*mandataire judiciaire*) in charge of collecting the declaration of claims from the Company's creditors.

During the first six months of the observation period, the Company prepared a draft Safeguard plan. The draft Safeguard plan was submitted to the main suppliers' committee on 7 September 2009, and then to the Safeguard's general bondholders' meeting on 24 September 2009. For the bonds issued by the Company, which represent the majority of its liabilities, the draft Safeguard plan included the exchange of the existing bonds against new convertible bonds, new shares, and new warrants. The main suppliers' committee voted in favor of the plan, but the Safeguard's general bondholders' meeting rejected it despite amendments made to its proposal by the Company during the meeting.

In case of such rejection, Safeguard law provides that the Company shall, together with the judicial administrator, prepare a draft Safeguard plan providing for the repayment of the liabilities over a maximum period of ten years.

The Company therefore prepared a draft Safeguard plan providing for the repayment of the liabilities over ten years, which main terms are the following:

- The draft Safeguard plan repayment schedule for bonds is detailed in section 2.3.3. "the debt rescheduling plan"
- The Company granted security interests to banks financing its subsidiaries and may therefore be liable to banks should such security interests be enforced. Such liabilities towards banks are therefore subject to (i) a default of the relevant subsidiary in the repayment of a secured loan, and (ii) the due enforcement by a bank of the relevant security interest granted by the Company. Should a bank validly enforce such a

security interest, the Company would have to pay the amounts due to the bank pursuant to the repayment schedule provided for in the Safeguard plan, it being specified that the Company would have to pay, on the first annuity after the bank has validly enforced its security interest, an amount corresponding to the amount that the Company should have paid in relation to the preceding annuities of the Safeguard plan had the security interest been enforced at the time of the judgment ruling on the Safeguard plan.

- Some of the Company's subsidiaries have also declared liabilities on the basis of reverse shareholder loans. Such loans having a contractual repayment date that is later than the end of the Safeguard plan, they shall be repaid at such contractual repayment date.

The draft Safeguard plan was circulated to creditors on 30 March 2010 by the judicial receiver. Creditors had a 30-day period following the receipt of the draft Safeguard plan to either accept or reject it. Such expression of opinion by the creditors was relayed by the judicial receiver to the Tribunal.

The Tribunal has the power to adopt the draft Safeguard plan, *i.e.* impose it on the Company and its creditors, regardless of the creditors' approval or rejection of the proposed plan.

The draft Safeguard plan was discussed with the Tribunal at a hearing which was held on 12 May 2010. The decision of the Tribunal was rendered on 19 May 2010, where the tribunal announced it has approved and adopted the Company's Safeguard plan.

The Tribunal appointed Maître Laurent le Guernevé as "*Commissaire à l'exécution du plan*" in charge of overseeing the performance of the Safeguard plan by the Company. Maître Le Guernevé will more specifically be in charge of distributing among the Company's creditors the amounts that are due to them under the Safeguard plan.

In its judgment dated 19 May 2010, the Tribunal recapitulated the main steps of the procedure since its opening on 25 March 2009, the story of the Company, its business, the origin of its difficulties, its recovery perspective, the financial restructuring schedule submitted by the chief executive officer to the Tribunal, the indebtedness situation, the rescheduling terms of its indebtedness and the opinions of the *administrateur judiciaire*, *mandataire judiciaire*, *représentant du personnel* and *représentant du ministère public*. In this context, the Tribunal approved the Safeguard plan of the Company and set the payment date of the claims admitted to the Safeguard plan and rescheduled over ten years on 30 April of each year starting from 30 April 2011. For the sake of clarity, it is reminded that the draft Safeguard plan submitted to the Tribunal for approval was based on a payment date which was expected to be 10 May each year starting from 10 May 2011.

11. External Auditors

HRT Révision S.à r.l. (*réviseur d'entreprises*), with its registered office at 23, Val Fleuri, L-1526 Luxembourg, appointed by the ordinary general meeting of 26 April 2010, expiring at the ordinary general meeting convened to approve the accounts for the financial year ended 31 December 2012.

The HRT Group is an independent member of a world network of audit and chartered accounting firms known as 'POLARIS international', and member of the Luxembourg Institute of registered auditors (*Institut des réviseurs d'entreprises*).

PriceWaterhouseCoopers S.à r.l. (*réviseur d'entreprises*), with its registered seat at 400, route d'Esch, L-1471, Luxembourg, appointed by the ordinary general meeting of 26 April 2010, expiring at the ordinary general meeting convened to approve the accounts for the financial year ended 31 December 2012.

PricewaterhouseCoopers S.à r.l. refers to the network member firms of PricewaterhouseCoopers International Limited, and is a member of the Luxembourg Institute of registered auditors (*Institut des réviseurs d'entreprises*).