



Press Release

20 July 2010

Orco will seek justice against the CPF

Five years ago, Orco Property Group SA ("Orco") entered into a Shareholders' Agreement with the Croatian Privatization Fund ("CPF") regarding the formerly state owned company, Suncani Hvar dd. Since then, in accordance with this agreement, Orco has employed and trained hundreds of employees, invested EUR 55 million of its own cash, and raised another EUR 50 million mostly with bank debt for the Suncani Hvar.

In sharp contrast to Orco's commitment, the CPF repeatedly breached many of its contractual obligations, notably with respect to solving ownership issues that were inherited from the former communist regime, participating in Supervisory Board decisions, or simply meeting with Orco. As a result, the CPF's conduct blocked the regular operations and the development of Suncani Hvar. Following the voluminous correspondence that Orco submitted to the CPF over the past years, which was systematically ignored by the CPF, on 12 July 2010 Orco submitted a final letter to the CPF listing more than 20 breaches of the Shareholders' Agreement.

The next day, which also the expiration date of the agreement, the CPF sent a formal letter improperly alleging that Orco breached the terms of the agreement and that as such, the CPF was entitled to unilaterally terminate it. At the same time, the CPF then launched a widespread media campaign against both Orco and Suncani Hvar.

Orco will not tolerate the CPF's unfounded attacks, which do not in any way conceal the CPF's years of contractual breaches and lack of commitment to the Company.

Orco will seek justice against the CPF under the Shareholders' Agreement and will not hesitate to bring claims against the CPF at the international level. Orco is also requesting the CPF again to immediately authorize public publishing of the Shareholders' Agreement and Orco's past correspondence to the CPF.

For more information, visit www.orcogroup.com