



## **Orco Property Group's board questions the interrogation in Croatia of its CEO Jean-François Ott**

Paris, January 5th, 2011

The board of ORCO Property Group S.A. ("ORCO"), the leading investor in the Central European real estate and hospitality sector, wishes to express its deep concern after its CEO Jean-François Ott was restricted to leave Croatia on Tuesday, January 4th, 2011, awaiting questioning by local authorities in Zagreb while no reasons were given on the grounds of any possible investigation.

ORCO has been in a long running dispute with the Croat Government regarding the Croatian Privatization Fund (CPF) failure to meet its obligations under the terms of a shareholders' agreement with ORCO on the Suncani Hvar hotel Company. The ongoing dispute has left Suncani Hvar in a deadlock at a time when it urgently needs to restructure its debt.

Mr. Ott flew to Zagreb on Sunday, 2 January 2011 in order to attend Monday's Suncani Hvar Annual General meeting at which time it was hoped the issues facing the company would be resolved. The Annual meeting failed to resolve most pressing issues. This morning, Tuesday, January 4th, 2011, Mr. Ott was invited to accompany the representatives of the local police authorities in order to respond to questions without any sort of prior notice. Mr. Ott voluntarily complied to assist and answer any questions scheduled to take place in the late afternoon. He flew back out of Croatia in the evening.

The ORCO Board considers as unacceptable that Mr. Ott has been retained in Croatia without any motive justifying such behavior. Mr Ott acted in Croatia in quality of representative of the majority shareholder and never acted in any executive capacity of any Croatian company.

ORCO has invested in excess of HRK 480 million (EUR 65 million) since 2005 into Suncani Hvar company and the island of Hvar. It has been the chief engineer in the renaissance of the hospitality infrastructure of the island of Hvar and has participated to make the island an international tourism destination. However the Suncani Hvar company has remained loss making due to the CPF failure to solve ownership issues and agree on the necessary restructuring steps.

The ORCO Board is concerned that such behavior towards the CEO of ORCO is a direct consequence of the ongoing business dispute and wishes to question the signal it sends to the international investment community in light of Croatia's EU accession talks.

The Orco Property Group S.A. Board of Directors