



REPUBLIC OF CROATIA

CROATIAN PRIVATIZATION FUND

AGREEMENT OF SUNČANI HVAR' SHAREHOLDERS ACHIEVED

Two major shareholders of the company Sunčani Hvar, ORCO Property Group 55% and Croatian Privatization Fund 32%, reached agreement on resolving the outstanding issues and agreed on future cooperation

Zagreb, March 15th, 2011 – In Zagreb, representatives of The Ministry of Agriculture, Fisheries and Rural Development of Croatia, The Croatian Privatization Fund, and Orco Property Group signed an agreement at the Ministry of Agriculture, Fisheries and Rural Development of Croatia.

The agreement signed by Deputy Prime Minister Mr. Petar Čobanković, President of the CPF Mrs. Iva Galić, and deputy Chief Executive Officer of Orco, Mr. Nicolas Tommasini, addresses the immediate issues of the Company and sets out a framework for future operations.

The parties have agreed to reduce the indebtedness of the Company by HRK 41.21 million by swapping parts of the existing shareholders loans into the Company's equity.

The agreement also includes an additional release of liability for the Company of HRK 22.2 million in shareholder loans interest, which the two major shareholders have agreed to write-off.

The agreement facilitates the Company aligning its relationship with the lending Banks, meeting their requirements by ensuring regular operations and the fulfillment of obligations toward creditors and employees.

In order to resolve shareholders' disputes from the past, an independent body "Expert Group" will be established. At the same time, the CPF has committed to tackle all unresolved ownership disputes within the next 12 months.

The Agreement affirms the desire of the shareholders to make additional efforts to resolve existing disputes, and ensures the survival of the Company and its financial sustainability.

Furthermore a framework for the joint assistance of the Company has been agreed, ensuring the continuation of its business, which sees the CPF matching Orco's shareholder loan by providing a new loan to the Company in the amount of 19.9 million HRK.

Both sides expressed their satisfaction with the agreement which if respected will allow for a smooth preparation of the forthcoming season and the further development of Hvar as a world famous tourist destination.

Iva Galić
President of Croatian
Privatization Fund

Nicolas Tommasini
Deputy CEO
ORCO Property Group