



PRESS RELEASE

Luxembourg, 19 December 2014

ORCO PROPERTY GROUP – Memorandum of Understanding related to Suncani Hvar

ORCO PROPERTY GROUP (the „Company“) announces the signing of Memorandum of Understanding among the Company, Prime Tourist Resorts and the Republic of Croatia today. The Memorandum of Understanding contains an agreement aimed at the reorganization and safeguarding of Suncani Hvar. The parties agreed the following main items:

- (i) The parties shall vote for the approval of the plan of financial restructuring of Suncani Hvar at the creditors hearing on 22 December 2014 and at the general meeting of Suncani Hvar shareholders on 14 January 2015 such that the pre-bankruptcy reorganization of Suncani Hvar is successfully finished.
- (ii) The Company and the Republic of Croatia mutually agreed to terminate the International Chamber of Commerce arbitration procedure with respect to Suncani Hvar and to ask for consent award with this respect.

The Memorandum of Understanding covers additional matters, such as termination of management agreements between the Company and Suncani Hvar as well as intent to discuss potential acquisition of Suncani Hvar shares currently held by the Republic of Croatia.

The Memorandum of Understanding sets a legal framework for the saving of Suncani Hvar from debt burden, enabling the start of the new investment cycle, and saving of work places as well as further development of Hvar as a world renowned touristic destination.

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