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**Press release 23 August 2005**

**Orco property Group launched a take over bid (TOB) on Suncani Hvar**

ORCO PROPERTY GROUP has finalised the subscription to 2 000 000 ordinary shares of Suncani Hvar dd (ISIN HRSUNHRA0003) for a total price of 200 000 000 KN (27 322 404 EUR). Suncani Hvar dd is a croatian company, listed on the Zagreb Stock Exchange, that owns hotels and other assets in the city of Hvar on the island of Hvar. According to the shareholders agreement in force between Orco and the Croatian Privatization Fund, Orco will receive 500 000 additional shares for free. On August 31<sup>st</sup> Orco will be finally the owner of 2 500 000 shares at 80 KN average cost price per share out of a total 5 331 097 shares representing 46,89 % of the share capital..

Orco owns also rights to pursue another reserved capital increase of 1 000 000 shares at 100 KN per shares. Orco will conduct a complete renovation or reconstruction of the hotels and other assets over the next 5 years. It is intended that most of the future investments will be financed by bank loans at local levels.

This acquisition was partially financed by a private placement of an exchangeable bond issued by Orco Property Group S.A.

The bond amounts to EUR 24 169 193,39 represented by 928 513 bonds under the following conditions:

Issue price:	EUR 26,03 (190 KN)
Issue date:	30 June 2005
Interest:	5,5 %
Exchangeable between	1 July 2010 and 11 June 2012 in Suncani Hvar dd shares, one share for one bond
Repayment date:	the non exchanged bonds will be reimbursed in cash on 30 June 2012
ISIN:	XS 0223 58 64 20
Listing:	Luxembourg stock exchange in November 2005

Orco launched a take over bid (TOB) on the shares owned by the minority shareholders which will last until 15<sup>th</sup> September 2005. The TOB refers to the 821 422 shares owned by the minority shareholders which represent 15,5 % of the capital. Orco offers a price of 115 KN per share corresponding to a total potential investment of 94 463 530 KN (12 904 853 EUR). According to the shareholders agreement in force between Croatian Privatization Fund and Orco, Orco will receive one share for free from the Fund for three shares bought in the market. As at September 2005, the potential additional shares can thus be 1 095 229, bringing the participation of Orco to potentially 3 595 229 shares out of a total of 5 331 097 shares, representing 67,44 %.

Orco will provide more detailed information during the presentation of half year results that will take place in Prague and Paris on September 27, 2005.

**For additional information visit: [www.orcogroup.com](http://www.orcogroup.com) or contact:**

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