

Orco agreed to resolve disputes in Croatia

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Developer Orco Property Group has agreed with the Croatian privatization fund to resolve disputes regarding the Croatian hotel company Sunčani Hvar. The news was announced by both parties in a joint press release. Orco is majority owner of the company Sunčani Hvar, in which the privatization fund holds nearly one-third share. According to the communication, “(the agreement) ensures the survival of the company and its financial sustainability.” The agreement also deals with current problems and provides a framework for future activities. It includes debt reduction of the company Sunčani Hvar.

Five years ago, Orco entered into a project of reconstruction of ten hotels into luxurious facilities on the island of Hvar. This was executed under an agreement with the local government privatization fund. In January this year, Orco announced that they were fulfilling their obligations arising from the agreement, but the government fund did not perform anything of what had been promised in the agreement. The head of the company was later investigated by the Croatian police. Orco then stated that they would require the Croatian government to reach a satisfactory solution of the dispute within three months, otherwise the dispute would be referred to international arbitration. According to their statement, Orco has invested EUR 65 million in the hotel project, ie. about CZK 1.6 billion.

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