

## Open Letter to Orco's Shareholders from Kingstown Capital Management

Written by Australian Business

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NEW YORK--( [BUSINESS WIRE](#) )--**Please find below an open letter to Orco Property Group's shareholders, from Kingstown Capital Management:**

Dear Shareholder,

Please note that the deadline for registering your shares for the OPG shareholder meeting on Monday January 6<sup>th</sup> is **Thursday January 2<sup>nd</sup>**. We strongly encourage you to review this letter, other letters posted by large shareholders, and to register and vote your shares. The outcome of this OGM and others could be decided by just a handful of votes, so your vote carries significant weight in the future of OPG and your investment therein.

### Background

You may recall that Kingstown, along with fellow shareholder Alchemy Special Opportunities, notified shareholders via open letter in May 2013 of some attempts by Radovan Vitek to take control of the Board and recommended a vote against the 5 new Board members proposed by Mr. Vitek through his investment vehicles. Following that letter, Mr. Vitek agreed to a reduced (from 11 to 10 directors) but balanced Board. But then in November 2013, Gamala Limited (an entity controlled by Mr. Vitek) proposed a board comprised only of Vitek representatives and Jean-Francois Ott, and it is these resolutions that will be voted on January 6th. Such a board lacks representation by large shareholders and independent directors and in our view, leaves the majority of shareholders without adequate representation of their interests on the OPG board.

Recently, there have been several events that have influenced our recommendation to shareholders for the January 6th OGM. First and foremost, we have lost confidence in management's ability to effectively advise the board on OPG's business and to act in the best interest of shareholders. In addition, Alexis Juan, Independent Director, resigned from the board on December 20<sup>th</sup>, and two large shareholders, aside from Kingstown and Alchemy, have recently expressed interest in board representation. Unfortunately, the deadline has passed to submit resolutions to shareholders that reflect these developments.

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## Future OGM Resolution Proposals By Kingstown

With this in mind, Kingstown intends to call another OGM in the near future to propose resolutions that include a board with adequate representation by large shareholders and truly independent directors (i.e., directors that have no prior relationship with management or large shareholders) with relevant industry and board service experience. Ensuring that OPG is adequately capitalized, but also that the board rations capital in a methodical, professional manner, is critical to protecting and growing shareholder value over time. Shareholders should also take note that per the board configuration that was agreed on by large shareholders in June 2013, the board was to find and add one independent director. Yet, to our knowledge, no tangible progress has been made on this front and, in our view, the lack of this additional independent director at the board vote held on November 29th (regarding selling OG shares) has damaged shareholders. The search for and appointment of one or several independent directors with no prior relationship with large shareholders is crucial for all OPG shareholders.

## January 6<sup>th</sup> Vote Recommendations By Kingstown

Per the above, we view the board put in place via the January 6<sup>th</sup> vote as an interim board that will subsequently be heavily modified by the voting outcome of the OGM that we will call for shortly. Thus, our proposed board is more a reflection of the realities of the legal procedures that govern OGMs than our view of a lasting solution for OPG's governance that would maximize shareholder value. For purposes of clarity, below we have provided the resolutions and recommendations put forth by various shareholders to-date below and Kingstown's recommended votes for the January 6<sup>th</sup>

meeting in the column on the far right:

## Resolutions

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1. Remove Mr. Nicolas Tommasini from the Board of Directors

2. Remove Mr. Guy Wallier from the Board of Directors

3. Remove Mr. Alexis Juan from the Board of Directors

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4. Remove Mr. Guy Shanon from the Board of Directors

5. Remove Mr. Ian Cash from the Board of Directors

6. Remove Mr. Jiri Dederá from the Board of Directors

7. Remove Mr. Radovan Vitek from the Board of Directors

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**Kingstown**

**FOR**

8. Remove Mr. Edward Hughes from the Board of Directors

**Kingstown**

**FOR**

\*Gamala Limited is an entity controlled by Radovan Vitek

\*\*No resolution regarding Jean-Francois Ott's board candidacy is on the ballot for the January 6<sup>th</sup> OGM.

Please contact us with any questions.