

Investment opportunity in Croatia

Hotel company in Korčula / island of Korčula



Investment opportunity

Hotel company HTP Korčula d.d. is the biggest hotel company on the island and located in the town of Korčula on the island of Korčula. It owns several hotels with approx 700 rooms, 100 apartments and several restaurants. The company is majority state owned and is currently in the process of so called "predstečajna nagodba" which is a Croatian version of Chapter 11 procedure. The company is currently facing difficulties as it needs upgrading of facilities, financial and operational restructuring. The state is eager to find an investor that would upgrade the hotels and the tourist product in general.

The town of Korčula is world known as the birth town of Marco Polo the famous explorer, but also as one of Croatia's most important cultural locations with its old town currently in process to be included in the UNESCO World Heritage list. Korčula is Croatia's second busiest cruising port after Dubrovnik and one of most important yachting destinations. The lack of modern hotel capacities is limiting current development potentials in tourism. With an airport on the island that is planned and the privatisation of the hotel company the destination has potential to become one of Mediterranean's most attractive hot spots.

Current situation with the company

The company is currently in the process of so called "predstečajna nagodba" which is a version of Chapter 11 or the latest attempt by the creditors and the company to make an agreement before the company goes to bankruptcy. The process is to be finalized in max. one month and it is expected that some financial investor will become the majority shareholder of the company through new issue of shares.

It is expected that financial investor after becoming the majority owner of the company will put two hotels on sale; Hotel Korčula and Hotel Bon Repos, in order to raise cash for investments in other hotels.

This will present an opportunity for pure hotel investors to invest in debt free assets free from all obligations (employees, suppliers, etc)

Croatia – general information

- NATO member since 2009
- EU member in 2013
- EU Accession Treaty signed in 2011

GEOGRAPHY

- Total territory: 87,661 sq km
- Land area: 56,594 sq km
- Territorial sea: 31,067 sq km
- Coastline: 1,778 km
- Islands: 1,185 (66 inhabited)
- Capital: Zagreb (779,000 inhabitants)

POPULATION (2001 census)

- total 4,437,460

CROATIA'S ECONOMIC INDICATORS Year 2010

- GDP, bn EUR 45.9
- GDP per capita, EUR 10,380
- Population, m 4.4
- Industrial output (%) -1.4
- Inflation rate (%) 1.1
- Unemployment rate (%) 11.8
- Exports, m EUR 8,902.4
- Imports, m EUR 15,127.2
- Balance of payments - current account, (% of GDP) -1.4
- General government deficit (% of GDP)* -5.2
- Average monthly gross salary, EUR 1,054

HTP Korčula d.d. (HTPK-R-A) – investment opportunity

Investment can be made through acquiring hotels owned by the company; Hotel Bon Repos and Hotel Korčula

Hotel company owns;

- 5 hotels with 700 rooms
- 100 apartments
- 10 restaurants
- 1 camp



HTP Korčula d.d. (HTPK-R-A) – acquiring hotels owned by the company

Hotel Bon Repos;

- One hotel (257 rooms) and 93 apartments
- 47 000m² of land
- Asking price 74m HRK (10m EUR) in 2011 tender



Hotel Korcula;

- Two old palaces in the old town with total 2500m² of net building area
- Asking price 30m HRK in 2011 tender



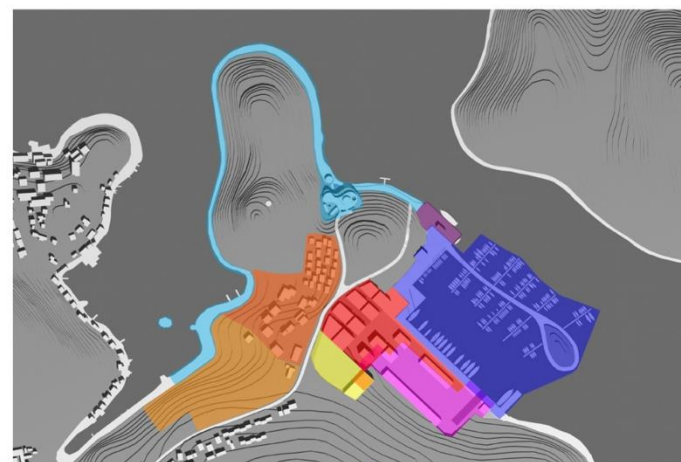
Hotel Bon Repos – general information

Hotel Bon Repos;

Hotel village within a bay three km from the old town of Korčula with private beach and next to a marina project that is being planned by the Municipality of Korčula.

Hotel with 35 buildings and total 350 accommodation units of which 257 rooms and 93 apartments including swimming pool, restaurants and bars on 47000m² of land with total potential construction area of 21000m².

Asking price is 74m HRK.



Hotel Bon Repos
Planned marina and yachting

Hotel Korčula – general information

Hotel Korčula;

Consists of two independent projects; the existing Hotel Korčula and the ruin of the Palace Golubović.

Hotel Korčula has the potential to become luxury boutique hotel with yachts in front of the hotel and the traditional charm of the oldest hotel in Korčula. Currently it has 20 rooms on 1230m² construction area.

Golubović Palace is an old ruin that can be rebuild into a luxury hotel.



with total potential construction area of 1250m².

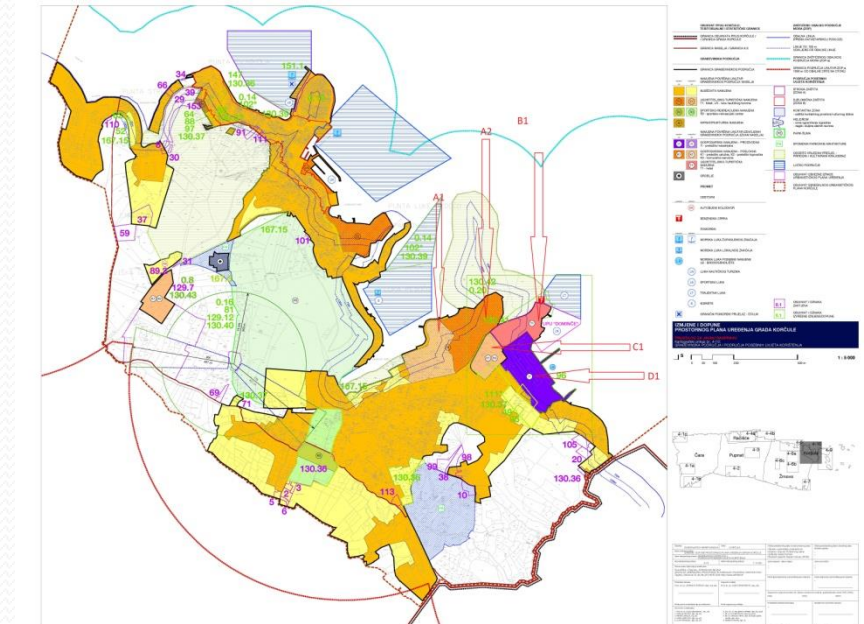
Asking price for both buildings is 30m HRK.

HTP Korčula d.d. (HTPK-R-A) – information about the company

HTP Korčula d.d.

Current low market cap of around 3,5m EUR is result of both operational problems of the company and low valuations of companies in Croatia in general. The state would be prepare to sell its shares (56%) on a public tender at aprox market price. An option where the investors buys the company through issue of new shares is also an option.

With accumulated debt of around 16m EUR the company would need new equity in order to finance the upgrading of the hotels.



HTP Korčula d.d. (HTPK-R-A) – information about the company

HTP Korčula d.d.

Market cap.	3,5m EUR
Total debt	16m EUR
Total overnights in 2011,	173 000
% of shares owned by the state	54%
Total sales in 2011	6,8m EUR

www.korcula-hotels.com

www.korculainfo.com

www.korcula.hr

www.visitdubrovnik.com

www.zse.hr

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