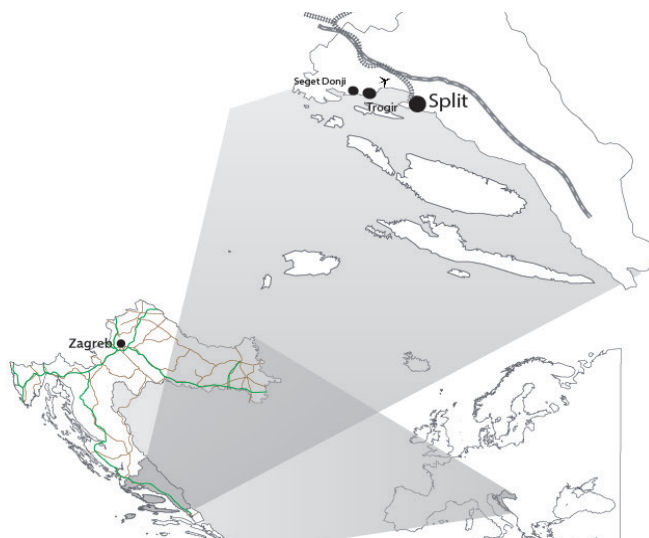


PROJECT LOCATION

The Apartmani Medena Plc. company is located in Central Dalmatia (Split-Dalmatia County) on the outskirts of small village Seget Donji, 2 km far from the town of Trogir, which is on the UNESCO list of world cultural heritage. The international Split Airport is only 7 km away. The picturesque resort, situated in the shade of pine woods and genuine subtropical vegetation offers tourists a chance to enjoy clean and healthy environment.

The climate is Mediterranean (with mild and wet winters, hot, dry and sunny summers) so the wider location area has between 2,400 – 2,700 sunny hours per year. The seaside promenade spreads along the resort with a long pebbly and sandy beach.



COMPANY

The company Apartmani Medena Plc. manages a tourist resort consisting of 260 three star condominiums with 1024 beds, located on area of 69,000 m² and surrounded by 360,000 m² of Mediterranean pine forest. In addition to the condominiums, the resorts has a reception, kitchen, aperitiv bar, restaurant (250 seats), exchange office, supermarket, night bar, laundry room and numerous sports & recreation facilities as well as additional facilities: souvenir shop, boat excursions point, rent-a-boat, jet-ski, dalmatian tavern, pizzeria, pastry shop, fast food, coffee bar and numerous sports and recreational grounds.

The company has great potential for development since

the Municipality of Seget, according to the data for the first eleven months 2014, has recorded increase of tourist arrivals by 6% and the number of overnight stays by 3%. Foreign tourists dominate in the total number of overnight stays (93.0%) and arrivals (89.1%) while traditional emissive market are the Czech Republic, Germany, Poland, Slovakia, Slovenia and Bosnia and Herzegovina. Out of total number of overnight stays (12,544,771) and tourist arrivals (2,221,983) in Split Dalmatia County, the Municipality of Seget, with 559,245 overnight stays and 118,384 arrivals significantly participates in the tourism indicators of the County, which according to both criteria is the fastest growing tourist region in Dalmatia.

OWNERSHIP

Capital Fund (part of Croatian pension system) holds a majority stake (68,93%) in the Apartmani Medena Plc., and is searching for a strategic partner which will capitalize and restructure the Company. Capital Fund Plc. is managed by the management company Croatian Pension Investment Company (CPIC). The Capital Fund is indirectly owned by Republic of Croatia through the state owned Croatian Pension Institute, the sole founder of CPIC.

TRANSACTION MODEL

The Company is currently in pre bankruptcy settlement procedure and the Ministry of Finance as the largest creditor has agreed to allow Apartmani Medena Plc. to search for strategic partnership, through the public tender, according to the following procedure:

Strategic partner is expected to capitalize the Company in three phases:

Phase I. - strategic partner is expected to capitalise the Company with at least 95 million HRK (approx. 12.4 million EUR) by March 12, 2015, which will be used to pay of the Company's debt to the Ministry of Finance and other smaller creditors.

Phase II. - strategic partner is expected to execute investments in refurbishing Company's existing facilities, and thus increase the profitability of the company. Minimum expected investment in this Phase is 60 million HRK (approx. 7.8 million EUR), which needs to be carried out by December 31, 2016.

Phase III. - strategic partner is expected to execute investments in constructing new facilities thus increasing the profitability of the company. Minimum expected investment in this Phase is 85 million HRK (approx. 11 million EUR), which needs to be carried out by December 31, 2019.

PROJECT VALUE

The price per share for the recapitalisation in Phase I. (Debt repayment) will be determined by the Company's net asset value which is currently being estimated by Deloitte, and will be disclosed to parties that submit their Expression of Interest.

CURRENT PROJECT STATUS

On December 12, 2014 CPIC has announced a Public call for expressions of interest for a strategic partnership (EOI) in the joint stock company Apartmani Medena, Seget Donji. The deadline for the submission of EOI's is January 12, 2015 by 16:00h CET.



SPLIT-DALMATIA COUNTY

Population (2011): **454,798**

GDP per capita (2011): **8,072 EUR**

Unemployment rate (2013): **27.9%**

Average gross salary: **961 EUR**

Average gross salary in the sector (tourism): **878 EUR**

Split-Dalmatia County encompasses the territory of the historical region of Dalmatia, and is easily accessible via the Zagreb-Split-Dubrovnik Highway and Split International Airport. The most important economic activity is tourism. In 2013, the County achieved 2.0 million tourist arrivals and approx. 11.5 million overnight stays (increase of 9% in comparison to the previous year), which makes 17.7% of total overnight stays in 2013 in Croatia. Traditionally, the most important markets are The Czech Republic, Germany and Poland.

There is a total of 128 hotels (3 five-star and 49 four-star hotels, while the remaining 74 are three- or two-star). In addition to hotels, accommodation is provided in apart-hotels, tourist resorts, tourist apartments and auto camps. The overall accommodation capacity provided is approximately

150,000 beds with the highest participation of private accommodation (nearly 80%). There are 10 marinas (4 on islands and 6 on the mainland) with a total of 1,628 berths.

The present international hotel chains in Split include the Le Meridien Lav and the Radisson Blu.

The County's tourist potential includes: a rich heritage and cultural offer, catholic pilgrimage destinations, active and sports holidays and health tourism. There are UNESCO heritage sites in Split (Diocletian Palace) and Trogir; catholic pilgrimage destinations (Sinj, Vepric and the vicinity to famous Međugorje); rafting on the River Cetina in the Omiš area, and hiking, walking and cycling paths on mountains Marjan and Biokovo.

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