



REPUBLIKA HRVATSKA
**AGENCY FOR INVESTMENTS
AND COMPETITIVENESS**

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Zagreb, December 12, 2014

ACCORDING TO THE MAILING LIST

SUBJECT: Information on investment opportunity
High category Tourist and Hospitality project
Tourist Zone Paška rebra 3 - West, Island of Pag, Croatia

Respected,

We would like to take this opportunity to inform you that the company Quacstor Pag Ltd. as the project owner is seeking for a strategic partner for the development of a high-category tourist resort in the scope of the Tourist Zone Paška rebra 3 – West. The sale of the land is an equally acceptable option.

The project envisages the construction of high category accommodation capacities (hotel, villas, apartments and a camp) and other supporting sports and recreational facilities on a land lot size of 424,801 m² with a total number of 3,000 accommodation units allowed by physical plans. The geographical and traffic position of the zone indicates the location advantages for the development of tourism (an undeveloped coast, close to intercity roads, south-oriented and protected from strong winds).

Based on the expressed interest so far for investment in Croatian tourist sector, we kindly ask you to introduce all potential investors with this opportunity as we believe that for some of the companies from your country this could be a very interesting investment possibility. Please note that the Agency does not represent the project owners and that will not bear any responsibility or liability for the information stated in the attached document nor for the outcomes of future cooperation.

Additional information on the project *Tourist Zone Paška rebra 3 – West* as well as the contacts of the project owner, which are at your disposal for all necessary information, can be found in the attached project information.

With kind regards,

MANAGING DIRECTOR

Damir Novihic

Appendix:

1. Project information in English language

19.1.2015 / 315




**INVEST
IN CROATIA**

TOURIST ZONE PAŠKA REBRA 3 - WEST, Island of Pag

DESCRIPTION OF THE PROJECT

The project envisages the construction of high category accommodation capacities (a hotel, villas, apartments and a camp) and other supporting sports and recreational facilities on a land lot size of 424,801 m². The geographical and traffic position of the zone indicates the location advantages for the development of tourism (an undeveloped coast, close to intercity roads, south-oriented and protected from strong winds).

The project area is organizationally divided into four parts: three zones which include the construction of different types of accommodation facilities with a hotel as a central object and an auto-camp as the fourth part. These sections are physically separated with a cross-road. The project also envisages the construction of a marina with 200-400 berths for which a public tender needs to be conducted.



LOCATION

The tourist zone "Paška rebra 3 – West" development project is located on the Island of Pag, approx. 6.5 km from the Town of Pag and 30 km from Zadar, the Zadar County seat. The Island is easily accessible and can be reached by car, by bus (50 km distance to the A1 Zagreb-Split-Dubrovnik Highway) or by boat. The distance to the international Zadar Airport is

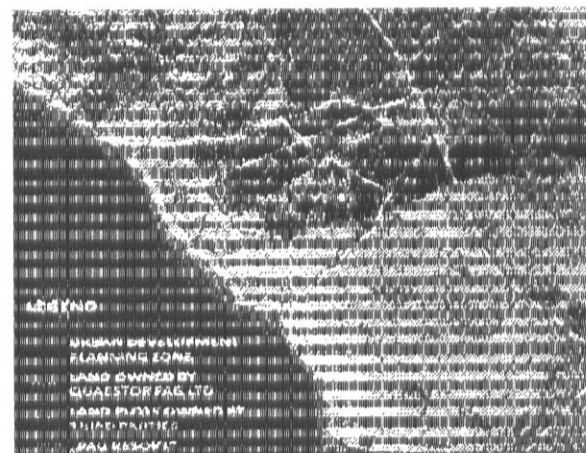
only 10 km. The Island of Pag is one of the sunniest islands in the Adriatic with over 2,500 hours of sunshine per year and has a 270 km long coastline of pebbly beaches with crystal clear sea. The Island is well-known for its original Pag lace, world-renowned Pag cheese, best Adriatic beaches and internationally famous party zones (Zrće beach).

CURRENT PROJECT STATUS

The Urban Development Plan for the project location is adopted (possibility of construction: 30% for hotels, 70% for villas on the land plot of 224,801 m²). 200,000 m² are intended for the construction of a camp.

Amendments to the physical plan of the Zadar County which envisage an additional increase of the construction area within the scope of the project were adopted. Alignment of the physical plan of the Town of Pag with the Zadar County physical plan is required while the Urban Development Plan will be modified in accordance with the amendments of the County and City Spatial plan. The rest of 40,000 m² is determined as a non-construction area (green areas).

The project owner has submitted a Letter of Interest to the competent authorities for the Concession on maritime domain to construct a marina with 200-400 berths.



Competent authority needs to undertake a public tender process for the selection of the best bidder.

TRANSACTION MODEL

Quaestor Pag Ltd. as the project holder is seeking for a strategic partner for the development of high category tourist resort. The sale of the project land is an equally acceptable option.

PROJECT VALUE

The estimated project value is 100 million EUR.

Agency for Investments and Competitiveness, Radnička cesta 80, 10 000 Zagreb, Croatia

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Project holder: **Quaestor Pag Ltd.**
Address: **10 000 Zagreb, Petrine 36**

PLANNED FACILITIES AND CONDITIONS OF CONSTRUCTION

According to the Urban Development Plan, the basic construction-technical characteristics of the Project are:

- Allowed construction density (KIG) up to 30% of land area
- Allowed construction efficiency (KIS) up to 80% of land area
- T2 zone covers 224,801 m² with the gross developed area of 179,840 m² and is planned for the construction of a hotel, villas and apartments with maximum capacities of 1,500 beds
- Maximum capacity within the T3 zone (Camp) is 1,500 beds on the land lot of 200,000 m²
- 40,000 m² of the land is envisaged for the construction of sports and recreational facilities (R7)



ZADAR COUNTY

Population (2011): **170,398**
GDP per capita (2011): **8,302 EUR**
Unemployment rate (2013): **22.5%**
Average gross monthly salary: **958 EUR**
Average gross monthly salary in the sector (tourism): **952 EUR**

Zadar County is situated in northern Dalmatia in Croatia. The County's total area is 7,487 km² of both sea and land. It is well connected via road, sea and air, i.e. the Zagreb-Split-Dubrovnik Highway, good ferry connections with Italy and the rest of Croatia and an international airport. The shortest maritime connections to central Italy pass through the Port of Zadar. Equally important is Zadar Airport which is a popular tourist entry point with 27% growth of the number of passengers in 2013/2012.

The County's most important sectors are trade (30%); manufacturing industry (19%) – food industry, metal production, production of vessels, textile industry; transport and storage (13%); fishery and agriculture (8%); construction (8%) and tourism (7%). The main export markets are Japan (21%), Italy (19%), Slovenia (9.5%) and Germany (9.4%) while the most exported products are aluminium products (43.7%), fish – fresh and processed (34.7%) and machinery (7.9%).

With tourism gaining a more prominent role in the County's economic structure, there is an emphasis on extending local accommodation capacities. They amount to 36,086 accommodation units, with a majority (59%) in private

accommodation. Almost half of the capacities in hotels are classified as a 4-star category. There are also 6 marinas with a total of 1,818 berths. As a successful tourist region in Dalmatia, Zadar County recorded 6.7 million overnight stays in 2013 (10.4% of all overnight stays in Croatia). Most of these (89%) were by foreign guests.

The centrepiece of the County's rich tourist offer is its capital – the City of Zadar which is a focal point to the archipelago of more than a hundred islands. Most of these are uninhabited and contain highly preserved sceneries and attractive coastal zones. These areas are foreseen for further development and enrichment of the County's tourist offer. The County is conveniently located near some of the most attractive Dalmatian sights, including national parks Kornati and Krka, and the famous extreme sports location Paklenica. The County's tourism potential has been recognized internationally with brands such as Falkensteiner present in the County, while serious investments in Zadar County's marinas have been made by the renowned Dogus Group.

Zadar is also an ancient European university city with a tradition since 1396. It offers 24 academic departments, such as: Agriculture and Mediterranean Aquaculture, Economics, Traffic and Maritime Studies, English, German, Italian and French Studies, Tourism and Communication Sciences Department and Humanities Department. It has approximately 5,800 undergraduate, graduate, postgraduate and doctoral students.

CONTACT

Quaestor Pag Ltd.

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