

Address: 20 000 Dubrovnik, Frana Supila 28

POTENTIAL TRANSACTION

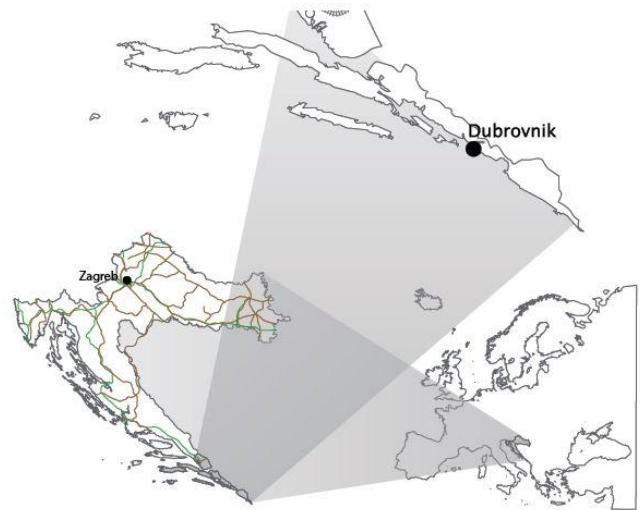
Belvedere Plc., with an exquisite location in Dubrovnik City, is non-operating company which is currently undergoing the bankruptcy procedure, commenced in July 2012.

Based on receivables for the loans granted to Belvedere Plc., INA – INDUSTRIJA NAFTE Plc., Croatian oil company, has security interest in the Company and plans to sell the hotel facility through a public auction to potential investors.

According to Detailed development plan, on the location of Hotel Belvedere the construction of a new luxury hotel up to 300 rooms, a concert hall with a capacity in range of 600 to 1,500 seats, a congress hall with 1,000 seats and a new public garage with around 500 parking places, on the area of 27,566 m², is envisaged.

Additionally the Plan envisages new sport - recreational zone on area of 14,298 m² and includes the construction of open playgrounds, swimming pools, complementary and ancillary facilities and infrastructure.

The objective is development of the real estate mainly through construction of new, high category facilities and amenities (except for Amphitheater on 1,267.80 m² which is planned to be redesigned), thus contributing to the existing offer of luxury accommodation in Dubrovnik-Neretva County.



FACILITY

Hotel Belvedere is located 1.5 km southeast from wall of the old city of Dubrovnik. Hotel was built between 1985-1989, as the most exclusive five-star cascade building, located on the slope above sea shore, with views of Dubrovnik Old Town and the island of Lokrum.

The 16 floors hotel capacities were comprised of total 229 accommodation units (rooms and apartments with 393 beds), sport-recreational facilities and convention facilities.

Destroyed in 1991, the hotel was partly reconstructed in 1996 (hydro isolation of roofs and administrative offices only) while, mainly due to unresolved property issue, shareholders disagreement concerning development plans and lack of detailed urban plan, the investments in the main capacities were not carried out.

Today the hotel is in very poor condition and only the basic structure remains.

SALE MODEL

INA – INDUSTRIJA NAFTE Plc., the largest Croatian oil company, as fiduciary creditor will offer the property for sale through the public auction scheduled for May 9, 2014.

Starting price set for this auction is EUR 12,180,748.91 and is discounted for 50 % comparing to the estimated value of the property (EUR 24,361,497.81).

ORIGINAL ESTATE PORTFOLIO

Total land area of all hotel capacities is 22,045.79 m² and consists of :

Hotel***** de lux:

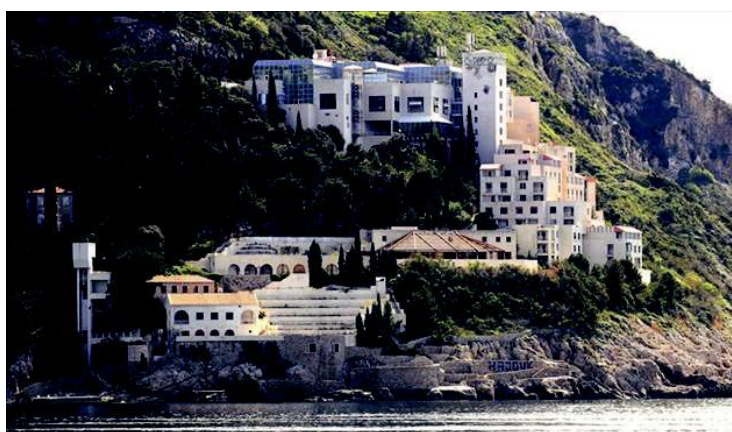
- 18 levels (16 above land surface) with 393 beds in 229 accommodation units (double, triple rooms and apartments), built between 1985-1989, minor renovation of roofs and administrative buildings in 1996.

Sport and recreation facilities:

- Indoor and outdoor swimming pools, sauna, fitness.

Additional capacities:

- Conference hall, restaurant, aperitif bar, tavern, amphitheater, offices, business premises (shops), garage.



DUBROVNIK – NERETVA COUNTY INFORMATION

Population (2011): 122,783

GDP per capita (2011): 9,807 EUR

Unemployment rate (2012): 19.0 %

Average gross salary: 994 EUR

Average gross salary in the sector (tourism): 984 EUR

Dubrovnik-Neretva County comprises of 5 cities and 17 municipalities. The County includes smaller islands covered in thick Mediterranean vegetation and forests, smaller settlements and agricultural land (olive groves and vineyards). The main characteristic of the County's economy is the predominance of tertiary sector with tourism and hospitality industries and maritime shipping as main activities. The region also has significant agricultural potential in the area of the Neretva River Delta Valley and in the Pelješac Peninsula known for the active production of high quality wines.

The County is very well connected by Dubrovnik International Airport, close proximity to the modern A1 Zagreb-Split-Dubrovnik Highway, the deep sea port of Dubrovnik suitable for cruisers as well as an important cargo port Ploče (gateway of the future Pan-European transportation corridor Vc). Dubrovnik's famous medieval old town (listed on UNESCO's world heritage list since 1979) along with the island of Korčula has positioned Dubrovnik and the County as a high-end European and global tourist destination (New York Times shortlisted Dubrovnik among 45 places to visit in 2012, USA Today placed Dubrovnik at the 4th place of the prettiest European cities in November 2013). Tourism is constantly developing as a strategic industry for the County, through investments in new and existing hotels, sports and infrastructure capacities (13 five-star hotels and 16 four-star hotels, two golf resorts planned within 35 km range and a new investment in ACI Marina Slano). The potential for high-end tourism has already been identified by international hotel chains (Hilton, Radisson Blu, Rixos, Uzel Holding, Adriatic Luxury Hotels and Luksic Group) present in Dubrovnik area and planned opening of Amanresorts in Cavtat. The educational infrastructure relevant to the sector includes high schools for hospitality and catering, and two universities with excellent programs related to tourism (RIT Croatia - division of Rochester Institute of Technology, New York and Dubrovnik University).

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