



Investment opportunity

Aquapark Hotel Žusterna

Investment opportunity to purchase a hotel on the Slovenian coast

Aquapark Hotel Žusterna, Koper, Istrska cesta 67

Opportunity to purchase a hotel in the Slovenian coast

The subject of the investment opportunity is Aquapark Hotel Žusterna or more specifically a group of assets that generate cash flows („CGU Žusterna“ or „Target“) owned by the company Terme Čatež d.d., Slovenia. In the case of CGU Žusterna this group of assets is represented by hotel and pool complex as well as hotel annex and a separate apartment building Lavanda. The hotel complex is being sold as real estate or together with its business operations and employees.

The hotel complex Žusterna was built in 1968 as a hotel with an indoor Olympic swimming pool. During the years 2000-2002, the complex was expanded and complemented with larger Aqualand - indoor and outdoor swimming pools, sauna center and a garage house. In terms of standard, the hotel has three stars and comprises a ground floor, three floors and a loft, with a total of 74 hotel rooms. Hotel annex on the west side includes 55 rooms, while apartments Lavanda, which are located in a separate building, consist of 10 rooms.

The indicative price for this property is EUR 9 million.

LOCATION

The hotel complex is located in an idyllic location by the sea, not far from the old coastal city Koper. The hotel beach is 50 meters away (across the street), while the city beach is 800 meters from the hotel.

The hotel complex includes the largest water park on the Slovenian coast

123 hotel rooms, 2 suites, 4 apartments and 10 separate apartments (Lavanda)

The hotel restaurant offers a diverse culinary experience



About Slovenia

Capital City:	Ljubljana
Surface:	20,273 km ²
Population:	2.07 million
GDP per capita:	19.771 EUR
Currency:	EUR
Membership in the EU:	Since 2004



KEY VALUE FACTORS

Tourism in Slovenia

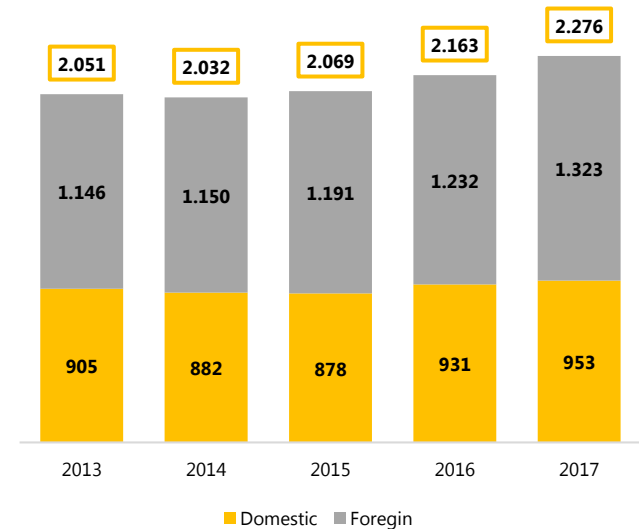
Slovenian tourism has recorded a constant growth in the last seven years

Growth is primarily driven by foreign tourists

The adopted government strategy envisages the improvement of the marketing scheme supporting Slovenian tourism through increased efficiency of promotional channels

- ◆ Slovenian tourism has recorded a constant growth in the number of arrivals and overnight stays during the last five years.
- ◆ The year 2017 was once again a record-breaking year for Slovenian tourism. Overnight stays exceeded 12.5 million (12.6% y-o-y growth) and arrivals amounted to 5 million (14.6% y-o-y growth).
- ◆ According to the Strategy of sustainable growth of Slovenian tourism, the goal is to reach 18 million overnight stays by 2021.
- ◆ As part of the strategy Slovenia presents itself as a global, green and boutique destination that focuses on the most demanding visitors.
- ◆ The number of arrivals and overnight stays of foreign tourists, who are usually willing to spend more, is increasing strongly in the recent years.
- ◆ In 2017 the occupancy rate of Slovenian hotel accommodation increased for the fourth consecutive year.
- ◆ The coastal region remains one of the most popular tourist destinations in Slovenia.
- ◆ In 2017 the average length of stay in the coastal region amounted to 2.8 days, which is above the Slovenian average.

Number of overnight stays in coastal region (000)



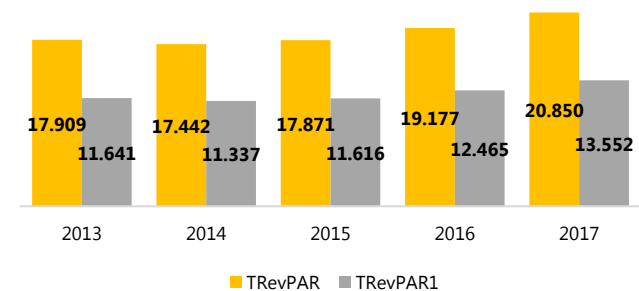
Hotels in Slovenia

Hotel business in Slovenia has show strong growth recently

Increased investments strongly affect the total revenue per available room (TRevPAR)

- ◆ Sales revenues of Slovenian hotels increased by 10.9% in the year 2017 compared to the previous year.
- ◆ Revenue per room increased for the third consecutive year, in 2017 the growth amounted to 8.7%.
- ◆ In 2017 TRevPAR amounted to EUR 20,850, while net revenue per available room (TRevPAR1) amounted to EUR 13,552 (+8,7% compared to 2016).
- ◆ Level of investments in the Slovenian hospitality industry is lagging behind the neighboring Croatian market, where the change in ownership led to major renovations, modernization and increase of accommodation capacities.

Revenue per available room (EUR)



KEY ADVANTAGES OF HOTEL COMPLEX ŽUSTERNA

Distance to major cities		
		 (Trieste)
Trieste	26 km	-
Zagreb	246 km	0h 31m
Ljubljana	106 km	0h 18m
Vienna	491 km	0h 50 m
Belgrade	634 km	0h 57m
Moscow	1.096 km	1h 44m
Berlin	2.416 km	2h 58m

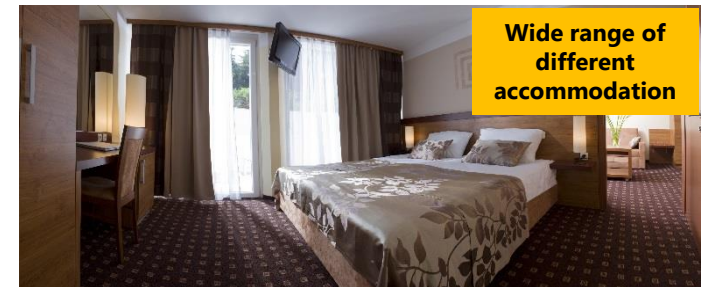
Accommodation facilities	
Hotel	17 single rooms
	42 double rooms
	3 suites
Hotel annex	10 double rooms-superior
	3 apartments
Hotel annex	55 double rooms
Apartments Levanda	4 double rooms
Levanda	6 four-bed rooms

Water park	
Inside pools	Outside pools
Swimming pool with slide	Pool with artificial waves
3 whirlpools	Pool with playground
Pool with playground	Massage pool
Sports pool	

- ◇ The hotel is situated in a unique location by the sea, not far from the city center.
- ◇ The closure of the coastal road has significantly reduced traffic burden on the road between the hotel and beach.
- ◇ Reduction of traffic and improvement of cycling and walking infrastructure on route Koper - Izola represents a great tourist potential.
- ◇ Aquapark Hotel Žusterna offers a wide variety of accommodation that is suitable for families, couples and individuals.
- ◇ Apartments Levanda, located in a completely separate building, offer private terraces and parking spaces in the garage.
- ◇ The last major renovation of the rooms took place in 2009.
- ◇ The hotel complex comprises the largest water park on the Slovenian coast. The water areas cover 586 m².
- ◇ The water park consists of a sports pool, a pool with slides and massage pools.
- ◇ In addition to the outdoor swimming pools, there is also a wellness center within the hotel, which includes various programs for health, relaxation, saunas and solariums.



Unique location by the sea



Wide range of different accommodation



Extensive swimming pool complex and wellness center

POTENTIAL OF HOTEL COMPLEX ŽUSTERNA

- ✓ Increasing emphasis on the creation of special offers in the field of family, business and sports tourism.
- ✓ The arrangement of the coastal promenade, which will connect the coastal towns and represent the backbone for projects linked to the development of tourism, recreation, nature protection, sustainable mobility and urban renewal.
- ✓ Improved access to the sea.

KEY FINANCIAL DATA

- Revenues have increased in the past three years, especially as a result of individual guests, while revenue from agencies and companies declined on average.
- Revenue from individual guests increased by 45.3% over the period 2015-2018.
- Operating margins declined considerably in 2016 due to higher rental costs, increased insurance premiums, higher travel agency fees, increased costs of intellectual services, increased costs of student services and an increase in utility costs. In the following years the margins increased considerably compared to 2016, however they were still behind those achieved in 2015.
- In 2018 the number of employees increased for the third year in a row, which is a consequence of an increase in overnight stays and sold pool tickets.
- During the summer months CGU Žusterna hire additional assistants chefs, waiters, lifeguard and trainer, due to increased number of visitors.

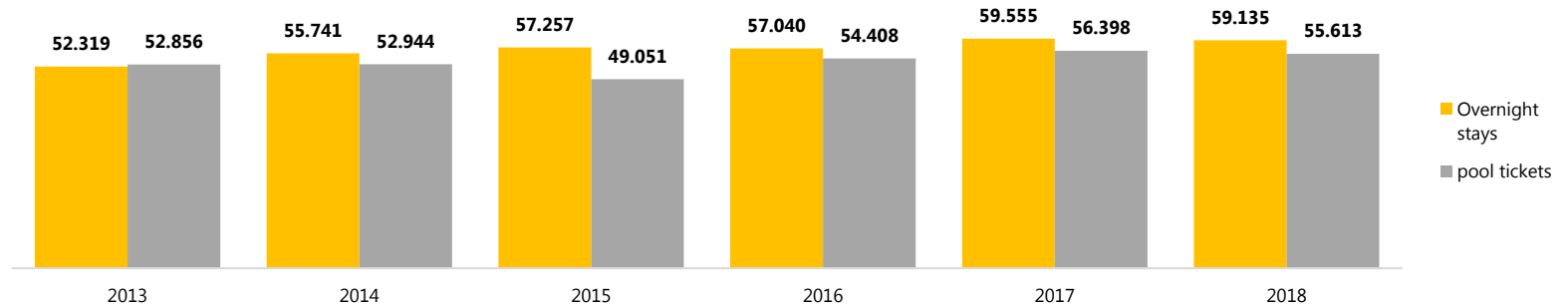
EUR thousand	2015	2016	2017	2018
Sales revenue	2,550	2,641	2,721	2,807
Growth	-	3.5%	3.0%	3.2%
EBITDA	705	605	719	740
EBITDA margin	27.6%	22.9%	26.4%	26.4%
EBIT	494	399	508	521
EBIT margin	19.4%	15.1%	18.7%	18.6%
CAPEX	11	182	149	103
Employees (average)	23	23	26	27

Overnight stays and pool ticket sales statistics

Number of overnight stays and sold pool tickets

The number of overnight stays increased on average by 2.5% per annum in the period 2013-2018

The pool tickets sales fell sharply in 2015, although they increased on average during the observed period



TIMELINE

Based on the information in the information memorandum, which the interested investors will receive after the signing of a non-disclosure agreement, together with a first phase process letter, which will include all the particulars on the next phases of the process, the interested investors will be invited to submit their non-binding offers. **The deadline for submission of non-binding offers is 29 March 2019.**



CONTACT

P&S CAPITAL d.o.o., in the event of the sale of business activity, is acting as the exclusive financial advisor in connection with the contemplated sale. All communication related to the process should be directed to P&S CAPITAL d.o.o. If you require any further information please contact:

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Hotel complex Žusterna includes real estate, inscribed in the land register, administered by the competent local courts of the Republic of Slovenia or in the cadastral register, administered by the Surveying and Mapping Authority of the Republic of Slovenia, under the following ID signs or identification numbers: ID sign 2606 330/20 (land plot – shared part of the building) with the following individual parts of the building: ID sign 2606 -3729-1, ID sign 2606-3729-7 and ID sign 2606-3729-8; ID sign 2606 330/22 (land plot) with building ID sign 2606 3729; ID sign 2606 281/1 (land plot), ID sign 2606 281/2 (land plot), ID sign 2606 330/10 (land plot), ID sign 2606 330/27 (land plot), ID plot 2606 330/23 (land plot), with buildings, inscribed in the cadastral register under identification numbers 3696 in 3697, ID sign 2606 330/13 (land plot with building, inscribed in the cadastral register under identification number 3711, ID sign 2606 330/26 (road) in ID sign 2606 330/29 (road), all c.m. Smedela (2606).

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