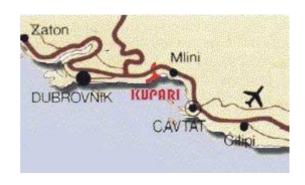
TOURIST COMPLEX "KUPARI" Hotels, Residential Villas & Camp

Dubrovnik Riviera Croatia

INFORMATION MEMORANDUM EXECUTIVE SUMMARY prepared by the Ministry of Tourism of The Republic of Croatia

The Kupari Tourist Complex is situated at Kupari, a village on the Dubrovnik Riviera.

Kupari is the nearest place south to the Old City of Dubrovnik, 11 km away from it, 16 km from the Cilipi Airport and 12 km from the passenger port of Gruz. With Dubrovnik it is connected with a regular bus line.



Kupari was formerly a military resort. Real estate is wholly state-owned, administered by the Ministry of Defence. As decided by the Croatian Government, a procedure is under way for transfer of the property to the management of the Croatian Privatisation Fund.

The resort is out of operation due to major war damage caused by direct shelling and fire which devastated a part of the buildings. There are no employees and no outstanding debts to the former personnel.

The Croatian Government seeks an investor for complete reconstruction of the resort.

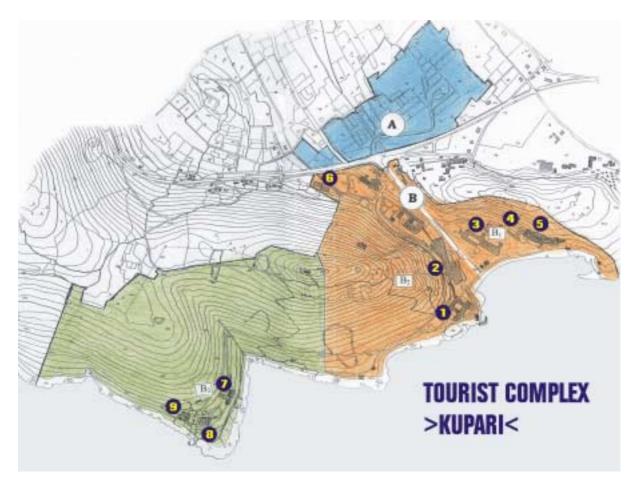
Before the war its core business consisted of the hotels: **Pelegrin, Kupari, Goricina I, Goricina II, Grand** and **Mladost**, about 2,000 beds total capacity, plus **the Kupari Camp** able to receive 4,500 guests.

All the hotels are situated close to the waterline, shrouded in typical Mediterranean greenery, with direct access to the beach. The Camp is situated at a walking distance from the hotels across the State Road 8, which is usually referred to as Adriatic Tourist Road.

Below the road facing the sea the compound further includes: the **Administration Building** with a clinic, a central technical facility, two residential houses, auxiliary structures, infrastructure.

Further away from the hotels, at the end of a seaside promenade, is a detached group of amenities: residential buildings: **Galeb Hotel, Borovka Villas I and II** and an **underground structure called Potkop**, once exclusively used by high government officials, as well as an **indoor swimming pool** and a seasonally operated **grill restaurant**.

Above the road beside the camp the complex also comprises: a servicing zone, a soccer field and a flower garden.



Residential capacities:

| <u>Name</u> | Point on the Map | <u>Capacity</u> |
|-------------------|------------------|-----------------|
| Pelegrin Hotel | 1 | 419 beds |
| Kupari Hotel | 2 | 554 beds |
| Grand Hotel | 3 | 139 beds |
| Goricina Hotel I | 4 | 162 beds |
| Goricina Hotel II | 5 | 352 beds |
| Mladost Hotel | 6 | 180 beds |
| Galeb Hotel | 7 | 50 beds |
| Borovka Villa I | 8 | 20 beds |
| Borovka Villa II | 9 | 20 beds |
| Total | | 1,896 beds |

Camp: 4,500 guests

Land in possession of the government agency

| • | Camp & servicing zone above the State Road 8 | 115,559 m2 (78,803 m2) |
|---|--|-------------------------|
| | (blue area A on the map) | |

Buildings & facilities below the State Road 8 345,130 m2 (255,556 m2)
 (orange area B1 and B2 on the map)

Detached buildings & facilities below the State Road 8
 (green area B3 on the map)

Total: 811,353 m2 (679,133 m2)

Given in brackets is the surface of land registered as state-owned property, or estimated 83.70% of land in possession of the government agency.

Surface area of buildings & facilities

| 1. above the State Road 8 | 5 094.24 m2 |
|---------------------------|-------------|
|---------------------------|-------------|

2. below the State Road 8

Eastern part (orange area B3 on the map)

| - Grand Hotel | 5,936.28 m2 |
|---------------------|--------------|
| - entry structure | 164.76 m2 |
| - Goricina Hotel I | 2,140.85 m2 |
| - Goricina Hotel II | 12,281.54 m2 |
| | |

- residential buildings:

| - northern | 324.84 m2 |
|------------|-----------|
| - southern | 324.84 m2 |
| - cottage | 50.29 m2 |

Western part (orange area B2 on the map)

| - Kupari Hotel | 19,893.13 m2 |
|---------------------------------|--------------|
| - Pelegrin Hotel | 7,345.81 m2 |
| - Central power supply facility | 3,113.20 m2 |
| - Hotline amenities | |

Hotline amenities

Kupari & Pelegrin Hotels 452.38 m2 - Receptionist's, adm. build., & clinic 1,399.08 m2

- Mladost Hotel

3. Detached zone (green area B1 on the map)

| - Galeb Hotel | 1,813.30 m2 |
|-------------------------|-------------|
| - Borovka Villa I | 1,158.21 m2 |
| - Borovka Villa II | 870.43 m2 |
| - underground structure | 797.44 m2 |
| - indoor swimming pool | 478.21 m2 |
| | |

The post-war status of the complex

During the war the whole complex was extensively damaged.

The biggest hotel, Kupari, was devoured in flames caused by shelling and thus reduced to its bare structure.

Pelegrin Hotel was directly hit several times. Its interior was devastated when used for temporary accommodation of the Croatian Army servicemen.

The facades of all buildings show missile or shrapnel holes.

Complete furniture and fittings carried away or devastated.

The interior of some buildings (parts of Grand and Goricina I Hotels, the boiler room, kitchen and restaurant of Pelegrin Hotel, the Mladost Hotel, the clinic, Galeb Hotel and Borovka Villa I) partly repaired for accommodation of the army units, other buildings closed and exposed to further deterioration

Estimated value of real estate (buildings, infrastructure, horticulture) according to the Assessment Study by Dalmagrad, Split, 1997

Above the State Road 8: Camp, servicing zone, soccer field and flower garden on land with surface area 115,559 m2

 Below the State Road 8: hotel complex on land with surface area 345,130 m2
 Below the State Road 8: detached zone on land with surface area 350,664 m2
 DEM 84,735,106

 Total on land with surface area 811,353 m2
 DEM 133,217,042

PICTURE GALLERY



Picture 1: Hotel Mladost (right bottom)

Camp and servicing zone (center to right top)



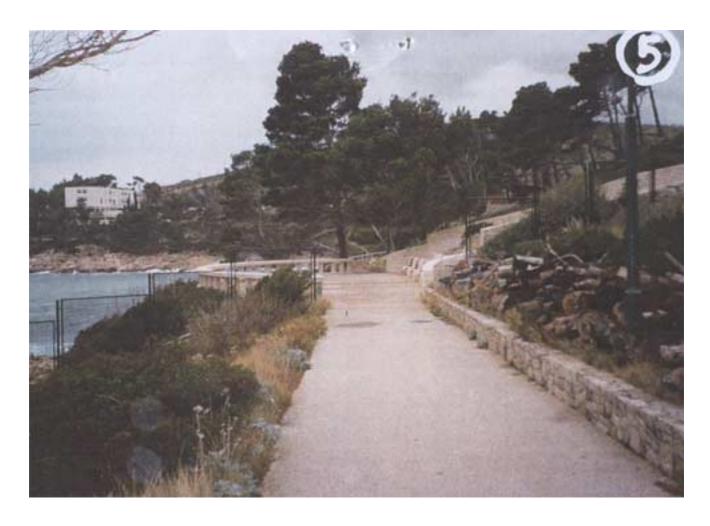
Picture 2: Hotel Goricina I Hotel Goricina II (center) Hotel Kupari (bottom)



Picture 3: Hotel Grand



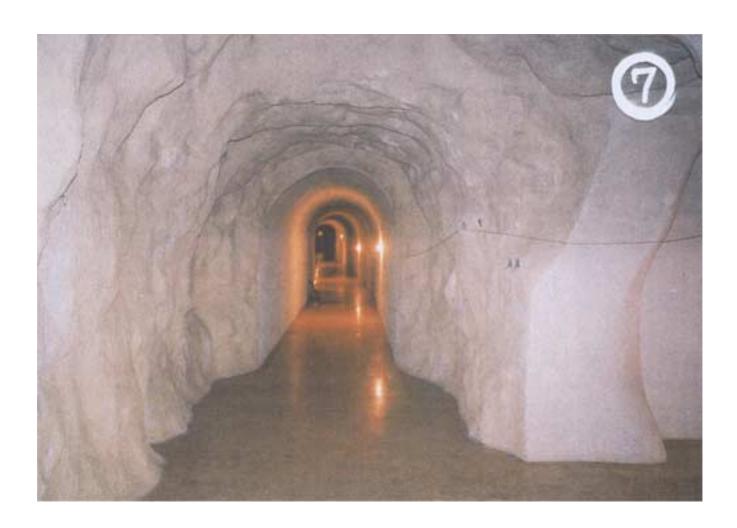
Picture 4: Hotel Pelegrin



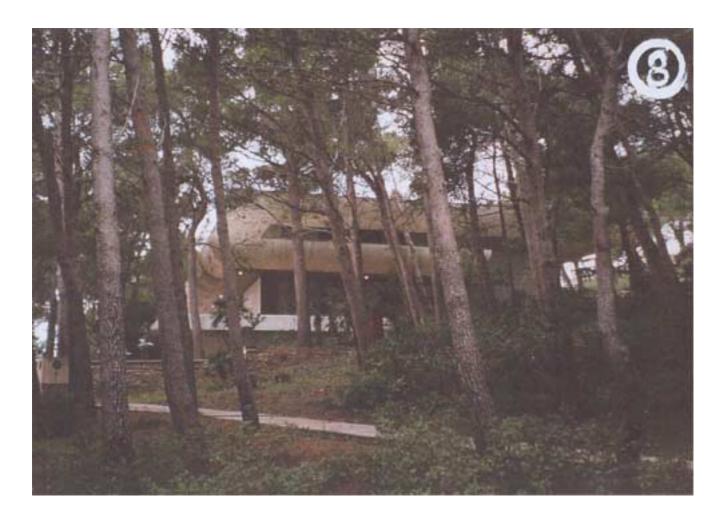
Picture 5: Hotel Galeb



Picture 6: Residential Area



Picture 7: Underground structure called Prokop



Picture 8: Villa Borovka I