



PROJECT WELLNESS & HEALTH CENTER NIN

INFORMATION MEMORANDUM

PROJECT HIGHLIGHTS

- Tankerska plovdba d.d. is the largest and most successful shipping company in Croatia. With the aim to diversify its activities and exploit unique local resources, most notably the famous medicinal sea mud (peloid) of Nin, Tankerska plovdba has set up a project company “Rekreacijsko Turisticki Centar Nin d.o.o.” for the purpose of establishing the leading Adriatic Health & Spa Resort in the region (the “Project”, the “Center”). The Company has been incorporated on 17.04.2003 and is headquartered in Trg Hrvatskih branitelja 1, 23232 Nin, Croatia.
- Wellness and Health Center Nin located in the county of Zadar will represent a unique combination of traditional natural healing treasure of sea peloid and pleasant Mediterranean climate with a relaxing stay, hospitable staff, renowned experts and a wealth of accompanying offerings of animation and entertainment.
- Lavish sandy beaches, thermal and wellness services, swimming pools, saunas and numerous opportunities for socializing and entertainment allow for guests’ year-round body & soul relaxation.
- The site is approx. 30 minutes away from the Zadar Airport.
- The Center is intended for both guests on curative therapies as well as for leisure guests wishing preventative health programs or wellness services. It also targets at business meetings and events, congress services use.

- The primary aim is to sell the 100% stake in the project company while the estimated required investment is approx. mEUR 49.
- Furthermore, Tankerska plovdba is willing to consider alternative scenarios such as retaining a minority stake during the development phase of the project in order to support the investor.

Located in Nin, Zadar County, Croatia

100% owned by Tankerska plovdba d.d.

Therapeutic mud, health and wellness treatments, combined with recreational and sports programs and congress services.

Healthy peloid used to treat various ailments such as rheumatic and skin diseases, muscular and skeletal system problems, spinal deformities.

Site occupies 14 hectares leased to the project company for a period of 70 years.

Based on feasibility studies, the total Project value is estimated at about mEUR 49.

General design completed; location permit from Zadar county competent authority applied for; environmental study approved; construction and the relevant resolution on acceptability issued.

MAIN CHARACTERISTICS

- Wellness and Health Resort Nin project comprises accommodation with catering, high quality wellness, health and tourist services and attractive natural factors (Nin famous medicinal see mud: peloid), Climate and Sea with a unique sandy beach at the site of Nin - the historical Croatian royal town near Zadar (located in a very convenient location (Zagreb-Split highway, Zadar Airport) and close to the most beautiful natural and historical attractions in the surrounding (Zadar, Kornati, natural parks of Velebit and Lika).
- The Center offers organized use of natural resources and the possibility of quality economic development of the narrower and wider area, which for its ultimate result has a general improvement of the living standards of the environment in all segments of the economic, social, cultural life as well as cost-effectiveness of the investments and increasing of the market capitalization value for the investors.
- Nin is situated on a small island in the middle of a shallow lagoon, 17 km northwest of Zadar, and is connected to the nearby land by a bridge. The center of the ancient city is an islet, 500 m in diameter, connected to the mainland by two bridges. On the north side it is surrounded by the sandy beach and weekend resort Zdrijac, on the east side there is solana and on the south and west side there is a newer part of the town. Nin extends into several formed zones: the historic island, the weekend resort Zdrijac, the new part of Nin, Bilotinjak and Nin Vodice.
- Nin is located on the Adriatic highway, connecting it with the best known tourist destinations in Dalmatia such as Dubrovnik, Split and Zadar. Nin is accessible by car, bus, plane, train and boat. If driving by car from Zagreb, one needs to take the motorway Zagreb - Split to Zadar. The distance from European cities: Amsterdam - 1520 km, Munich - 742 km, Maribor - 393 km, Prague - 929 km, Vienna - 642 km, Zurich - 886 km, Frankfurt - 1083 km, Graz - 457 km, Koln - 1265 km, Bratislava - 630 km, Rome - 342 km

Location



UNIQUE CONCEPT

- The conceptual design of the construction of the Wellness and Health resort Nin is based on the intertwining of the fitting into the surrounding nature, with the aim that all rooms and all major programs have a sea side or Velebit view and functionally optimum of the contents providing a high atmosphere (4*+) for the guests and optimization of the operations throughout the year.
- Description of the concept of the Wellness and Health Center Nin: Wellness & Health Center Nin represents a unique combination of traditional natural healing factors such as sea peloid and pleasant Mediterranean climate with unforgettable and relaxing stay, hospitable people, recognized experts and a variety of accompanying animation offerings and fun. Sandy beaches, thermal and wellness services, swimming pools, saunas and numerous opportunities for socializing and entertainment allow guests to relax the body and soul - bringing them unforgettable experiences where they can relax from stressful life and recharge with the new energy, both in summer and winter. Wellness and Health Center Nin is intended for guests on curative therapies as well as for guests who want to have a good experience as well as for preventative programs or wellness services. It is also an ideal destination for organizing business meetings and events since congressional tourism complement a rich accompanying offers. With quality and extraordinary variety of services Wellness and Health Center Nin wants to position itself as a hospitable and comfortable center integrated into the natural environment and complemented by modern quality catering services and relaxation programs with perfect opportunities for recreation, business meetings and social gatherings throughout the year.
- Comparative advantages: Wellness and Health Center Nin is the destination on the Adriatic coast with a complete offer combining the diverse healing effects of natural factors with a sophisticated offer of relaxation and health services.
- USP (Unique Sales Proposition): A well-known medicinal mud peloid combined with a sophisticated offer of relaxation and health services.

Structure of the hotel (front side view)



ACCOMMODATION & OTHER FACILITIES

The hotel area consists of two separate hotels:

- **Wellness hotel** - with the complete offer of mind and body therapies and services such as massages and water therapies, saunas, beauty salons etc., adapted for guests who love the sea and wellness.
- **Health hotel** - for preventative, rehabilitation and curative health services based on the healing effect of the Nin Mud, the Sea and the Climate.

WELLNESS HOTEL	Rooms total	Share of rooms	Beds per room	Beds total	Share of beds
Double bed room (double double)	79	40%	2	158	40%
Single bed room (queen size bed)	39	20%	1	39	5%
Double bed room (king size bed)	56	28%	2	112	16%
Junior suite	18	9%	2	36	6%
Senior suite	6	3%	4	24	4%
Total	198	100%		369	100%

HEALTH HOTEL	Rooms total	Share of rooms	Beds per room	Beds total	Share of beds
Single bed room (queen size bed)	26	32%	1	26	19%
Double bed room (double double)	56	68%	2	112	81%
Total	82	100%		138	100%

APARTMENTS COMPLEX	Rooms total	Share of rooms	Beds per room	Beds total	Share of beds
Apartment units (three beds)	10	25%	3	30	19%
Apartment units (four beds)	26	65%	4	104	68%
Apartment units (five beds)	4	10%	5	20	13%
Total	40	100%		154	100%

Recap. of the area	AREA (net)
I Hotel and catering	21.650,00 m2
II Health center	2.205,00 m2
III Wellness center	6.002,00 m2
IV Garage	5.830,00 m2
V Apartments	2.720,00 m2
Total inside surface	38.407,00 m2
VI Outer surface	79.700,00 m2
Total surface	118.107,00 m2

- Restaurants and catering: - a) Health center: 120 indoor seats and 60 outdoor seats on the restaurant terrace overlooking the sea, b) Wellness restaurant: 390 indoor and 80 outdoor seats on the catering terrace with sea view; c) Hotel a-la-carte restaurant with 60 indoor and 80 outdoor seats on the catering terrace overlooking the sea; d) Piazza a-la-carte restaurant with 130 indoor and 60 outdoor seats on the catering terrace overlooking the sea; e) bars, coffee shop.
- Health programs: the most state of the art spectrum of preventative and curative services, including: diagnostics, therapies (climatology, thalassotherapy, fangotherapy, etc.). Nin sea medicinal mud (peloid) helps with the following syndromes: rheumatology, spinal diseases, dermatology, gynaecology, traumatology, neurological diseases, and other.
- Wellness programs: fitness in aerobics, massages, relaxation and mud therapies, rich sauna world, swimming pools.
- Conference and banqueting center: Within the congress center there is an entrance hall with the reception, wardrobe and sanitary facilities, a large hall (250 seats) divided into two parts, 3 smaller halls, two of which have the possibility of connecting into one medium hall and four smaller rooms for meetings of which two can be merged into one medium size meeting room.
- Sport and recreation is a part of wellness program. The slogan reads: "A healthy spirit in a healthy body." The main division of sports and recreational activities is on the inside and outside. Outside include theme parks, while the inside include aerobics and other fitness programs. For children: places on different locations indoor and outdoor, children's playrooms with entertainment and animation. Within the interior areas two rooms are planned with an area of 80 m2 each for children's playrooms; one for the smaller and one for a older children. Other areas: urban squares, green areas, pet area and sandy beach with rich program.

NATIONAL ATTRACTIONS NEAR THE TOWN OF NIN

Krka River National Park - 90km



Kornati National Park - 25km



Plitvice Lakes National Park - 138km



MANAGEMENT & HUMAN RESOURCES

- The investment project with the working name "Wellness and Health Center Nin" will after its realization and start-up phase operate through a registered company RTC Nin d.o.o., which will be up to 100% owned by a private investor.
- Since the Wellness & Health Center Nin, apart from the accommodation facilities, will have a whole range of hospitality, wellness, health, animation, sports, conference and other facilities, its organizational structure will be complex and comparable to the structure of a large full-service hotel.
- Main premise of the human resources planning is that the services are primarily carried out with its own staff (all except laundry), all year long operation, and the company's activities are carried out by its own management or the management company.
- In the company RTC Nin d.o.o. will be a total of 213 people working in permanent employment with different qualifications. During summer time, for a period of 5 months, another 55 part time employees would be needed, and as a support for the same period, additional 39 student-employees. Thus, the total number of employees is set at 307.
- Taking the number of the permanent employees and comparing the coefficient "employee / accommodation unit (room)", the Wellness & Health Center Nin has a coefficient of 0.66. Since the international average of the four-star hotel coefficient is 0.60 to 0.70 (depending on the complexity and the variety of programs in the hotel) it follows that this coefficient for Wellness & Health Center Nin is within the norm of the hotel with a full-year operating time, of complex programming structure and four-star category.
- The total labour costs expressed in the sum of total annual gross wages is EUR 4,061,400. The average monthly gross salary for the permanent employees is EUR 1,428, which is compared to the average wage in the Republic of Croatia (approx. EUR 1,075 in 2017) 32% above the average.

Number of employees by department

Department	Function	Total subordinate employees*
Finance & controlling	Manager	6 FTEs
Reception	Head	17 FTEs (+ 2 seasonal) = 19
Food & beverages	Head	65 FTEs (+40 seasonal) = 105
Sales & marketing	Manager	8 FTEs (+ 5 seasonal) = 13
HR	Manager	1 FTE
Wellness & spa	Head	29 FTEs (+14 seasonal) = 43
Health	Head	25 FTEs (+ 4 seasonal) = 29
Housekeeping	Head	34 FTEs (+12 seasonal) = 46
Maintenance & security	Head	16 FTEs (+17 seasonal) = 33
Total		201 FTEs (+94 seasonal)= 307

*Permanent (+ seasonal) = total

Average annual gross salaries

Average annual gross salary	(EUR)
FT	17.132
PT	5.013
Students (5 months)	3.500

Number of employees by educational degree

Educational level	FT	PT	Student
Dr. Spec.	3	-	-
VSS - Management	10	-	-
VSS	24	7	-
VŠS	36	9	-
SSS	65	19	-
VKV	34	6	-
KV	6	4	-
NKV	35	10	-
Total	213	55	39
			307

INVESTMENT PROJECT VALUE

Preliminary assessment of the investment project value

Investment value	Area (net)	Value (EUR)	GOI works (EUR)	Equipment (EUR)
Hotels and catering	21.650,00 m2	23.527.350	18.351.333	5.176.017
Health center	2.205,00 m2	2.548.925	2.090.119	458.807
Wellness center with swimming pools	6.002,00 m2	6.929.155	6.097.656	831.499
Garage	5.830,00 m2	2.474.550	2.474.550	-
Apartments	2.720,00 m2	2.620.200	2.169.526	450.674
Special attraction elements of the interior	-	1.100.000	330.000	770
Total inside area	38.407,00 m2	39.200.180	31.513.184	7.686.997
Outside area	79.700,00 m2	1.894.500	-	-
Property & Equipment	118.107,00 m2	41.094.680	-	-
Design and project control	3,75%	1.540.000	-	-
Marketing, consulting, etc.	3,89%	1.600.000	-	-
Utility infrastructure	-	1.500.000	-	-
Water (contribution)	-	732.127	-	-
Starting costs (marketing activities, training of staff)	-	710.000	-	-
Extraordinary costs	-	500.000	-	-
Working capital	-	900.000	-	-
Total investment cost		48.576.807		

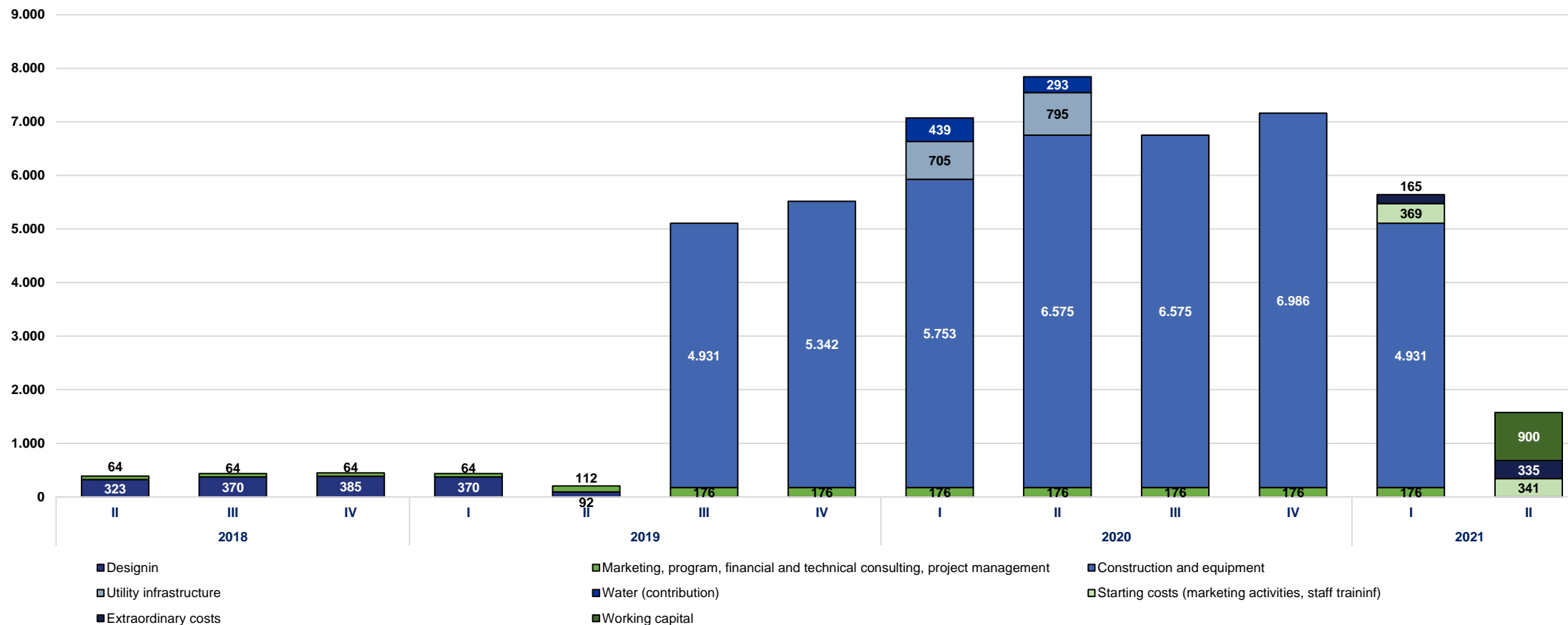
INVESTMENT PROJECT DYNAMICS (1/3)

Preliminary assessment of the investment dynamics

Phases	2018			2019				2020				2021		Value	Share in %
	II	III	IV	I	II	III	IV	I	II	III	IV	I	II		
Designing	323	370	385	370	92	-	-	-	-	-	-	-	-	1.54	3,2%
Marketing, consulting, etc.	64	64	64	64	112	176	176	176	176	176	176	176	-	1.6	3,3%
Construction and equipment	-	-	-	-	-	4.931	5.342	5.753	6.575	6.575	6.986	4.931	-	41.093	84,6%
Utility infrastructure	-	-	-	-	-	-	-	705	795	-	-	-	-	1.5	3,1%
Water (contribution)	-	-	-	-	-	-	-	439	293	-	-	-	-	732	1,5%
Starting costs (marketing activities, staff training)	-	-	-	-	-	-	-	-	-	-	-	369	341	710	1,5%
Extraordinary costs	-	-	-	-	-	-	-	-	-	-	-	165	335	500	1,0%
Working capital	-	-	-	-	-	-	-	-	-	-	-	-	900	900	1,9%
Total quarterly	387	434	449	434	204	5.107	5.518	7.074	7.839	6.751	7.162	5.642	1.576	48.577	100,0%
*The amount of investment costs per year	1.27			11.263				28.826				7.218		48.577	

INVESTMENT PROJECT DYNAMICS (2/3)

Financial plan of the investment implementation



INVESTMENT PROJECT DYNAMICS (3/3)

- In assessing the success of the investment project, the following dynamic performance indicators were used: payback period of the investment, the discounted return period of the investment, the net present value of the project, the internal rate of profitability, the modified internal rate of profitability and the profitability index. The basis for calculating the dynamic performance indicators of the investment project is the net cash flow of the investment project realized through the observed economic life of the project.
- The table below shows a comparative view of the dynamic performance indicators of an investment project with the management company and without it.
- From the above mentioned comparative overview of the dynamic performance indicators of the investment project, all indicators point to a better performance with the management company. Thus, the return period and the discounted return period of the investment are shorter with the management company, which shortens the period in which the total investment will be covered by (discounted) cash flow.
- The net present value is higher, and also the profitability index.
- The internal rate of profitability and the modified internal rate of return are higher showing the bigger difference between them and the weighted average cost of capital (WACC), lowering the sensitivity of the project to the expected rate of cash flows.
- It can be concluded that the project is economically and financially efficient with and without the management company while better results are achieved in the case of the management company and subsequently is recommended the form of management of the Wellness and Health Center Nin which includes a management company. It is important to note that the projections made here are indeed conservative and leave enough space to achieve even better business results and greater investment success.

Dynamic performance indicators of the investment

Key performance indicators	Without management company	With management company
Period of return on investment (years)	9,11	9,02
Discounted period of return on investment (years)	9,88	9,75
Net present value (EUR)	2.320.505	4.816.533
Internal rate of return (%)	7,49%	8,25%
Modified internal rate of profitability (%)	7,23%	7,70%
Profitability Index	1,05	1,11

TOURISM IN CROATIA

- Croatia is a traditionally tourist-oriented country. In recent years, the demand for tourism has increased in the market for specific types of tourism. Preserved natural resources and environment, cultural and historical heritage, mild Mediterranean climate, proximity to European markets, long tradition of tourism - all of Croatia's tourist advantages attractive to modern tourists, which makes tourism one of the most important branches in Croatia.
- The unique characteristics of the sea and the coast have long been recognized and used as the main comparative advantages of Croatian tourism. It offers ideal conditions for beach tourism, but also for the most exclusive nautical tourism. The TOMAS 2014 survey showed that more than 75 percent of tourists in Croatia are spending their summer holidays as passive vacations, relaxing and swimming, taking walks and going to restaurants and cafes.
- In 2016 Croatia has 1,133,751 beds in all types of accommodation, which is a 10% total increase in the number of beds compared to 2015. The total share of hotel accommodation in 2016 falls in relation to the previous year, which is inadequate in relation to market demand, especially in the main season. The largest increase in capacity is recorded with the rooms and other private renters; their share in 2016 amounts to 59% of all capacities.
- 39.3% of tourists stayed in private accommodation, recording 3.8 million arrivals (26.6% growth) and 20.8 million overnight stays (21.4% higher compared to the year before), followed by hotels with 3.4 million arrivals (12.0% growth) and 10.8 million nights (growth of 9.8%) camps and campgrounds were chosen by 1.6 million tourists (15.6% growth).

Accommodation capacity structure, 2016

Category	Total # of beds		Index	Share %	
	2015	2016	2016 / 2015	2015	2016
Hotels & appartments	135.322	137.222	101,4	13,1	12,1
Tourist resorts	30.836	30.087	97,6	3,0	2,7
Tourist apartments	15.371	14.753	96	1,5	1,3
Camps	237.758	227.559	95	23,1	20,1
Private rooms	575.428	668.83	116,2	55,9	59,0
Other	34.597	55.300	160	3,4	4,8
Total	1.029.312	1.133.751	110,1	100,00	100,00

Tourists and overnight stays by types of accommodation facilities, 01-07/2017

Objects	Tourists		Index	Overnights		Index
	2016	2017	2017/16	2016	2017	2017/16
Hotels	3,082,183	3,450,182	111.94	9,875,132	10,846,241	109.84
Camps & campsites	1,413,438	1,633,472	115.57	8,892,018	10,322,869	116.09
Hostels	22,693	253,902	111.89	552,932	637,851	115.36
Spas	12,159	11,706	96.27	85,899	83,465	97.17
Rooms, apartments & holiday homes	3,032,134	3,839,288	126.62	17,160,920	20,828,732	121.37
Other facilities	551,055	586,067	106.35	2,788,243	2,930,139	105.09
Total	8,317,899	9,774,617	117.51	39,355,144	45,650,297	116.00

- In 2017, there has been continuous growth in the number of arrivals and overnight stays. In the first eight months, Croatia recorded 9.8 million tourist arrivals, an increase of 18% over the same period last year. In this period, a total of 45.6 million overnights were realized, of which foreign tourists realized 42.4 million overnight stays (17% increase) and domestic 3.3 million, which is 6% more than 2016. The most important tourist countries: Germany, Italy, Slovenia, Czech Republic, Austria, Hungary, recorded a slight increase in tourists and the number of new, potentially important markets for Croatia is growing: France, Great Britain, Denmark, Sweden, Japan and USA

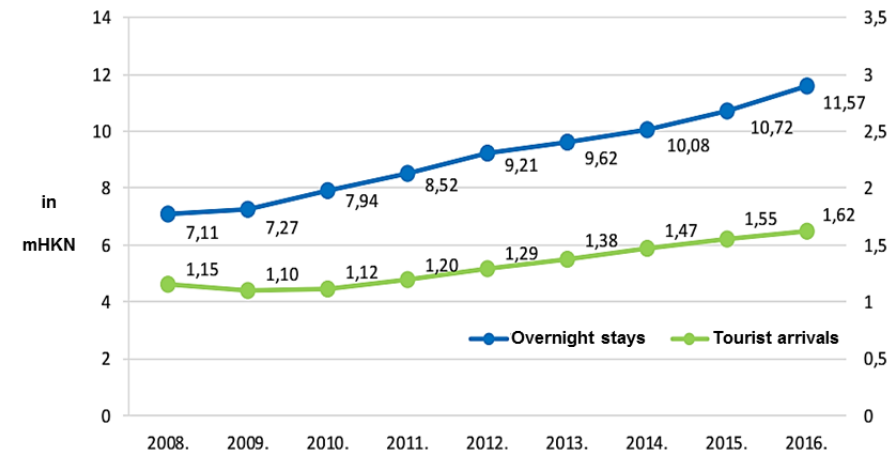
TOURISM IN ZADAR COUNTY

- According to the data of the Zadar County in 2016, a total of 1,624,401 tourist arrivals (6% more arrivals than in 2015) were realized in Zadar County and a total of 11,567,486 overnight stays (5% more than previous year). Domestic tourists realized 5% more arrivals and 2% more nights, while foreign tourists realized 6% more arrivals and 5% more nights. The County of Zadar thus achieved 9.93% of all tourist arrivals in Croatia (12.65% overnights).
- The following picture shows the trend of arrivals and departures from 2008 to 2016 in Zadar County. The number of tourist arrivals increased by 29.27% (475,405) in the observed period. In the same period, the number of nights increased by 38.57% (4,461,447).
- In the structure of guests, foreign guests represents 85.71%, of which the largest number is from Germany (236,8181), Slovenia (189,434), Austria (115,792), Czech Republic (99,827), Poland (90,255), ... In the analysed period the average number of overnights rose from 5.9 days in 2008 to 7.1 days in 2016.

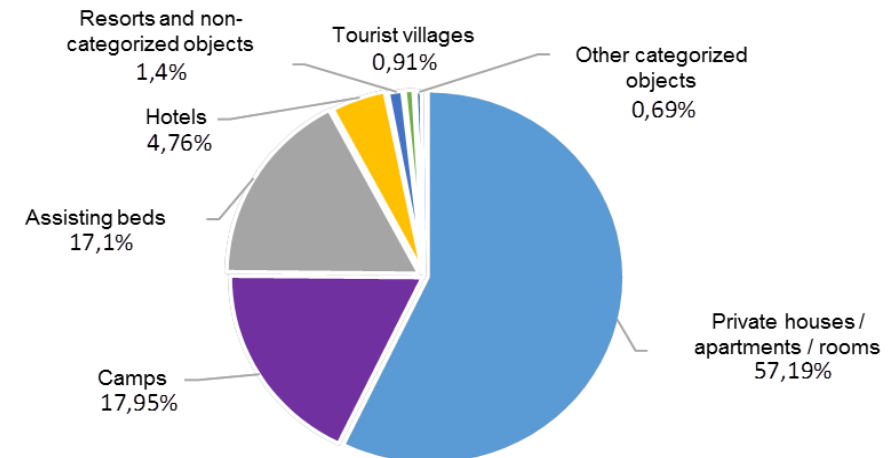
Structure of accommodation capacities

Hotels	#	# of beds / places in camps	Structure
5* hotels	1	420	0,28
4* hotels	21	3.618	2,41
3* hotels	29	2.947	1,96
2* hotels	2	131	0,09
1* hotels	-	-	0,00
Integral hotels	1	24	0,02
Diffuse hotels	1	8	0,01
Total	55	7.148	4,76

Trend of arrivals and overnight stays from 2008 to 2016



Number and categorization of the hotels in Zadar county in 2016



INVESTING IN CROATIA

- Tourism is one of the most important drivers of economic development in Croatia. It generates around 22% of gross domestic product and more than 40% of total exports.
- Croatia has a well-established institutional legal framework that is currently aligning with European standards. The government is determined to maintain macroeconomic stability. The Government is actively encouraging foreign direct investment with various incentive measures to stimulate the economy. Foreign investors have the same rights, obligations and legal status in established companies as well as domestic investors.
- Investors are entitled to special tax incentives depending on the nature of the investment and the activities they carry out in Croatia (for investments in the amount of more than mEUR 3, the profit tax will be paid at a rate of 0% for a period of 10 years from the start of the investment with the condition to ensure employment of at least 15 employees in that period starting from the first year of investment - the Investment Promotion Act September 22 2015, Article 9).
- Croatia offers a tradition in production, highly educated workforce, modern communication systems and high standards of transport infrastructure which provide great benefits to investors.
- The rapid development of tourism provides investors with a unique opportunity to invest in a dynamic sector that is steadily increasing.
- The geographical position and dynamic market offers a wide range of opportunities.

TARGET SALES SEGMENTS WITHOUT MANAGEMENT COMPANY (1/2)

Annual turnover in individual programs and occupancy

#	Maximal capacity			Year 1			Year 2			Year 3			Average Year		
		Daily	Per year	Total turnover / # of uses in Y1	Occupancy (%)	# of uses per day	Total turnover / # of uses in Y2	Occupancy (%)	# of uses per day	Total turnover / # of uses in Y3	Occupancy (%)	# of uses per day	Total turnover / # of uses in AY	Occupancy (%)	# of uses per day
1	Nights	661	241.265	132.696	55	364	143.051	59	392	150.174	62	411	154.936	64	424
2	Board catering services	661	241.265	132.696	55	364	143.051	59	393	150.174	62	411	139.442	58	382
3	Swimmingpool	1.509	581.889	109.994	19	301	117.649	20	322	123.596	21	339	126.856	22	348
4	Sauna (Wellness)	199	72.720	26.574	37	73	28.506	39	78	29.888	41	82	30.723	42	84
5	Pilates	204	74.460	22.061	30	60	23.414	31	64	24.559	33	67	25.101	34	69
6	Preventive and relaksing therapies (Wellness)	238	86.870	56.662	65	155	60.674	70	166	63.481	73	174	65.227	75	179
7	Curative and i preventive therapies (Nin medicinal mud)	165	60.400	19.219	32	53	20.989	35	58	22.696	38	62	23.476	39	64
8	Curativne and rehabilitative medical services	213	77.745	22.362	29	61	24.491	32	67	26.567	34	73	27.517	35	75
9	Sport and rekreative services	428	156.268	32.157	21	88	34.126	22	93	35.593	23	98	36.422	23	100
10	A-la-carte restaurants	1.430	522.064	45.146	9	124	48.477	9	133	50.691	10	139	51.997	10	142
11	Kaffees and bars	9318	3.400.900	179.685	5	492	191.796	6	525	201.624	6	552	206.415	6	566
12	Conference and banquet facilities	250	91.250	13.807	15	38	15.248	17	42	15.782	17	43	16.093	18	44

- The table above shows the realization of the individual programs by the motivational segments, sales segments and imitative markets, by months and days for the first four years. A representative year of business - a typical year of business - is the fourth full year of opening (2025), the year in which the target results are achieved.
- Data on planned realization by individual programs shows a planned number of uses for a particular program and a percentage of occupancy with respect to the maximum possible use of individual programs. The capacity utilization is increasing. In the first year of business, bed occupancy is planned at 55%, in the second year 59%, in the third year 62%. The planned occupancy in the typical business year is 64%, representing 154,936 overnight stays and 31,472 guests per year.
- The table also shows the occupancy of individual capacities for other programs in the first four years of operation and the average number of uses per year as well as the total annual physical turnover per individual program. In the first year of business, is planned on average, 364 overnight stays per day, in the second 392, in the third 411, and in a typical 424 overnight stays per day.

TARGET SALES SEGMENTS WITHOUT MANAGEMENT COMPANY (2/2)

Structure of the guests by motive of arrival in overnights

Segments	Year 1	Year 2	Year 3	Year 4
Wellness guests	17%	17%	17%	17%
Young couples and guests on a short break and summer vacation	9%	9%	9%	9%
Guests on preventive healthcare and diagnostics	12%	12%	12%	12%
Guests of domestic and foreign health insurance on rehab	9%	10%	11%	11%
Seniors on vacation and relaxation	17%	17%	17%	17%
Sports and recreation (professional and recreational athletes and others)	6%	5%	5%	5%
Families on summer vacation and short relaxation	8%	8%	7%	7%
Tourists who are exploring and relaxing	10%	10%	10%	10%
Incentive guests of domestic and foreign companies and organizations	4%	4%	4%	4%
Business guests and conference participants	8%	8%	8%	8%

Structure of number of nights per year by individual sale segment

#	Year 1	Year 2	Year 3	Year 4
Total annually	100%	100%	100%	100%
1 Walk in guests	3%	3%	3%	3%
2 Specialized Tour Operators	19%	19%	19%	19%
3 Travel agencies	24%	24%	24%	23%
4 Health Institutions in Croatia	14%	14%	15%	15%
5 Health institutions in Europe	4%	4%	4%	4%
6 Congressional agencies, companies, etc.	12%	12%	12%	12%
7 Clubs and Associations	9%	9%	9%	9%
8 Individual Booking (internet etc.)	15%	15%	15%	15%

Planned number of nights per individual market

#	Year 1	Year 2	Year 3	Year 4
Total	1 132.696	1 143.051	1 150.174	1 154.936
1 Germany	0.1 13.896	0.1 14.919	0.1 15.569	0.1 15.921
2 Slovenia	0.1 12.707	0.1 13.637	0.09 14.222	0.09 14.663
3 Italy	0.09 12.297	0.09 13.199	0.09 13.777	0.09 14.127
4 Croatia	0.28 36.971	0.28 40.259	0.29 42.92	0.29 45.002
5 Austria	0.08 10.495	0.08 11.268	0.08 11.756	0.08 11.992
6 Great Britain and Ireland	0.07 9.443	0.07 10.135	0.07 10.568	0.07 10.786
7 Scandinavia	0.11 14.429	0.11 15.498	0.11 16.185	0.11 16.574
8 France and Benelux	0.08 10.594	0.08 11.368	0.08 11.854	0.08 12.159
9 Eastern European countries	0.06 7.595	0.06 8.164	0.06 8.525	0.06 8.709
10 Other European countries	0.03 4.268	0.03 4.606	0.03 4.799	0.03 5.003

- The largest number of overnight stays in the typical business year are realized by the elderly on healthy vacation and relaxation, while the segments with the least number of overnight stays in the typical year of business are guests of domestic and foreign companies and organizations with 4% of the realized overnight stays. Daily guests on health treatments and daily guests on wellness treatments, recreation, sports, swimming pools and business events do not get overnight stays but just use some of the Wellness and Health Center Nin programs.

- In the typical business year it is planned that the largest number of overnight stays would be realized through tourist agencies representing 35,045 overnight stays, 29,166 overnight stays would be realized through specialized tour operators, 23,686 through individual reservations (internet etc.), 23,461 through health institutions in Croatia, 19,194 through congress agencies with companies and other organizations, 13,905 through clubs and associations, 5,995 through healthcare facilities in Europe and 4,484 overnight stays would be realized by Walk in guests.

- The largest number of overnight stays is expected to be realized by our nearest market, i.e. Croatia. Larger number of overnight stays are expected from guests from Scandinavia, Germany, Slovenia, Italy, France and Benelux, Austria, Great Britain and Ireland, while the largest percentage of guests from the Eastern European countries will be from the Russian market due to the variety of programs that will represent an important item in hotel capacity.

TARGET SALES SEGMENTS WITH MANAGEMENT COMPANY (1/2)

Annual turnover in individual programs and the occupancy

#	Maximal capacity			Year 1			Year 2			Year 3			Average Year		
		Daily	Per year	Total turnover / # of uses in Y1	Occupancy (%)	# of uses per day	Total turnover / # of uses in Y2	Occupancy (%)	# of uses per day	Total turnover / # of uses in Y3	Occupancy (%)	# of uses per day	Total turnover / # of uses in AY	Occupancy (%)	# of uses per day
1	Nights	661	241.265	142.306	59	390	153.401	64	420	161.020	67	441	166.133	69	455
2	Board catering services	661	241.265	142.306	59	390	153.401	64	420	161.020	67	441	149.519	62	410
3	Swimmingpool	1.594	581.889	115.299	20	316	123.339	21	338	129.566	22	355	133.519	23	364
4	Sauna (Wellness)	199	72.720	28.234	39	77	30.297	42	83	31.761	44	87	32.658	45	89
5	Pilates	204	74.460	23.062	31	63	24.484	33	67	25.767	34	70	26.252	35	72
6	Preventive and relaksing therapies (Wellness)	238	86.870	60.180	69	165	64.4.453	74	177	67.427	78	185	69.295	80	190
7	Curative and i preventive therapies (Nin medicinal mud)	165	60.400	20.073	33	55	21.919	36	60	23.699	39	65	24.526	41	67
8	Curativne and rehabilitative medical services	213	77.745	23.389	30	64	25.609	33	70	27.744	36	76	28.784	37	79
9	Sport and rekreative services	428	156.268	34.053	22	93	36.147	23	99	37.695	24	103	38.583	25	106
10	A-la-carte restaurants	1.430	522.064	48.111	9	132	51.684	10	142	54.035	10	148	55.436	11	152
11	Kaffees and bars	9318	3.400.900	188.178	6	516	200.943	6	551	211.201	6	579	216.293	6	593
12	Conference and banquet facilities	250	91.250	15.072	17	41	16.658	8	46	17.237	19	47	17.579	19	48

- Data on planned realization by individual programs shows planned number for a particular program and the percentage of occupancy with regard to the foreseen maximum use of the individual program. The capacity utilization planned for years is increasing.
- In the first year of business, bed occupancy is planned at 59%, in the second year 64%, in the third year 67%. The planned occupancy of beds in a typical business year is 69%, representing 166,133 overnight stays and 34,094 guests per annum.
- The table shows the occupancy of certain capacities for other programs in the first four years of operation and the average number of their uses on an annual basis as well as the total annual physical turnover per individual program. In the first year of business, there would be 390 stays per night, in the second 420, in the third 441, and in the typical year 455 overnight stays per day. Most usage / visits per day depend whether there are guests spending the night or whether they are walk in guests.

TARGET SALES SEGMENTS WITH MANAGEMENT COMPANY (2/2)

Annual realization and its structure by program (in EUR, without VAT)

	Year 1		Year 2		Year 3		Average Year	
Total per year	10.821.077	100,0%	12.023.626	100,0%	12.934.712	100,0%	13.450.329	100,0%
Nights	4.906.673	45,3%	5.523.945	45,9%	5.983.871	46,3%	6.389.983	47,5%
Board catering services	1.690.839	15,6%	1.861.016	15,5%	1.983.216	15,3%	1.873.883	13,9%
Swimmingpool	809.131	7,5%	883.347	7,3%	942.095	7,3%	981.561	7,3%
Sauna (Wellness)	268.226	2,5%	293.877	2,4%	312.846	2,4%	326.577	2,4%
Fitnessa (Wellness)	109.544	1,0%	118.747	1,0%	126.456	1,0%	131.260	1,0%
Preventive and relaxing therapies (Wellness)	824.413	7,6%	901.512	7,5%	957.618	7,4%	997.473	7,4%
Curative therapies (Nin medicinal mud)	265.272	2,5%	295.82	2,5%	324.848	2,5%	340.794	2,5%
Curative and rehabilitative medical services	597.285	5,5%	666.832	5,5%	733.269	5,7%	768.84	5,7%
Sport and recreative services	149.368	1,4%	161.839	1,3%	171.392	1,3%	178.023	1,3%
A-la-carte restaurants	619.227	5,7%	679.437	5,7%	721.018	5,6%	756.665	5,6%
Coffees and bars	480.874	4,4%	524.147	4,4%	559.233	4,3%	582.222	4,3%
Conference and banquet facilities	100.226	0,9%	113.107	0,9%	118.850	0,9%	123.051	0,9%
Full board total	7.406.642		8.268.308		8.909.182		9.245.427	
Other consumption in total	3.414.435		3.755.318		4.025.530		4.204.903	
Full or half board consumption/ overnights	52,0		53,9		55,3		55,7	
Extra consumption / overnights	24,0		24,5		25,0		25,3	
Consumption / overnights total:	76,0		78,4		80,3		81,0	
Full or half board consumption / guest	240,3		253,0		265,0		271,2	
Extra consumption / guest	110,8		114,9		119,7		123,3	
Consumption / guest	351,0		367,9		384,7		394,5	
Full or half board arrival / room	115,3		119,3		122,4		124,9	
Daily guests / room	53,2		54,2		55,3		56,8	
Arrival/room total:	168,5		173,5		177,6		181,7	
Share of the full or half board consumption	68,4%		68,8%		68,9%		68,7%	
Share other consumption	31,6%		31,2%		31,1%		31,3%	
Achieved price for bed and breakfast	57,25		59,29		60,86		61,22	

- Planned realization (net income) from the first to the typical year is constantly increasing. Its movement depends on the physical realization of the years and the average price of the full board and the extra consumption. In the first year of operation, an annual realization of EUR 10,821,077 is planned, in the second year EUR 12,023,626, in the third year EUR 12,934,712 while in the typical year it is planned at EUR 13,450,329.
- The structure of individual programs shows that the incomes from full board accommodation plus entrance to the hotel pool) amount to 68.7% of all revenues in the typical year. 31.3% represent services related to extra consumption (entering the Sauna world, using fitness, preventive and relaxation therapies, curative therapies - Nine mud, curative and rehabilitative medical services, sports and recreational services, a-la-carte restaurant, cafes and bars, as well as conference and banqueting facilities).

FINANCING AND P&L PROJECTION

Source of financing	Structure	Cost of capital	Total (EUR)
Equity	40%	10,96%	19.430.723
Debt	60%	4,00%	29.146.084
Total	100%	6,78%	48.576.807

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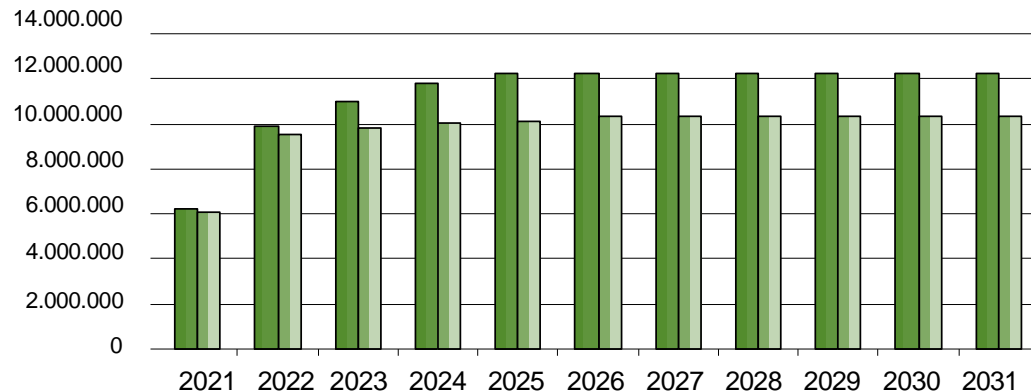
P&L PROJECTION WITHOUT MANAGEMENT COMPANY (1/4)

Year (in EUR)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue	6.242.424	9.882.406	10.958.141	11.776.334	12.222.590	12.222.590	12.222.590	12.222.590	12.222.590	12.222.590	12.222.590
Operating income	6.162.624	9.745.606	10.821.341	11.639.534	12.085.790	12.085.790	12.085.790	12.085.790	12.085.790	12.085.790	12.085.790
Overnight stays	2.707.381	4.167.218	4.691.728	5.083.011	5.426.045	5.426.045	5.426.045	5.426.045	5.426.045	5.426.045	5.426.045
Board catering services	982.284	1.575.794	1.734.485	1.848.602	1.746.339	1.746.339	1.746.339	1.746.339	1.746.339	1.746.339	1.746.339
Swimming pool	509.694	772.335	843.052	899.170	936.542	936.542	936.542	936.542	936.542	936.542	936.542
Sauna world (Wellness)	130.660	252.452	276.505	294.396	307.233	307.233	307.233	307.233	307.233	307.233	307.233
Fitness (Wellness)	64.332	104.787	113.556	120.952	125.503	125.503	125.503	125.503	125.503	125.503	125.503
Preventive and Relaxation Therapies (Wellness)	481.066	776.287	848.723	901.652	938.903	938.903	938.903	938.903	938.903	938.903	938.903
Curative Therapies (Nin Medicinal Mud)	141.291	254.036	283.327	311.188	326.287	326.287	326.287	326.287	326.287	326.287	326.287
Curative and rehabilitative medical services	301.982	569.498	635.987	699.551	733.138	733.138	733.138	733.138	733.138	733.138	733.138
Sports and recreational services	95.926	141.207	152.955	162.008	168.225	168.225	168.225	168.225	168.225	168.225	168.225
A-la-carte restaurants	382.157	580.866	637.058	676.160	709.213	709.213	709.213	709.213	709.213	709.213	709.213
Cafés and bars	322.193	459.312	500.429	534.027	555.708	555.708	555.708	555.708	555.708	555.708	555.708
Conferences and banquet center	43.659	91.815	103.535	108.816	112.654	112.654	112.654	112.654	112.654	112.654	112.654
Renting	79.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800
OPEX	6.056.310	9.520.232	9.797.096	10.024.650	10.146.360	10.339.733	10.351.819	10.351.819	10.351.819	10.351.819	10.351.819
Costs of materials and services	1.365.976	2.433.817	2.649.760	2.815.480	2.874.427	3.067.800	3.079.886	3.079.886	3.079.886	3.079.886	3.079.886
Variable Costs	1.031.596	1.861.167	2.068.583	2.228.437	2.281.464	2.474.836	2.486.922	2.486.922	2.486.922	2.486.922	2.486.922
Fixed costs	334.379	572.651	581.177	587.043	592.964	592.964	592.964	592.964	592.964	592.964	592.964
Labor costs	2.925.743	4.061.400	4.122.321	4.184.156	4.246.918	4.246.918	4.246.918	4.246.918	4.246.918	4.246.918	4.246.918
Amortization	1.764.592	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015
Profit (loss) from operations	186.114	362.174	1.161.045	1.751.684	2.076.230	1.882.857	1.870.771	1.870.771	1.870.771	1.870.771	1.870.771
Financial expenses	1.062.838	946.638	830.054	713.816	596.658	480.301	363.716	247.321	130.479	25.102	-
Interest on loans	1.062.838	946.638	830.054	713.816	596.658	480.301	363.716	247.321	130.479	25.102	-
Profit (loss) before Tax	-876.724	-584.464	330.991	1.037.868	1.479.571	1.402.556	1.507.055	1.623.450	1.740.293	1.845.670	1.870.771
Tax on profit	-	-	-	-	-	-	-	-	-	-	445.782
Profit (loss)	-876.724	-584.464	330.991	1.037.868	1.479.571	1.402.556	1.507.055	1.623.450	1.740.293	1.845.670	1.424.990

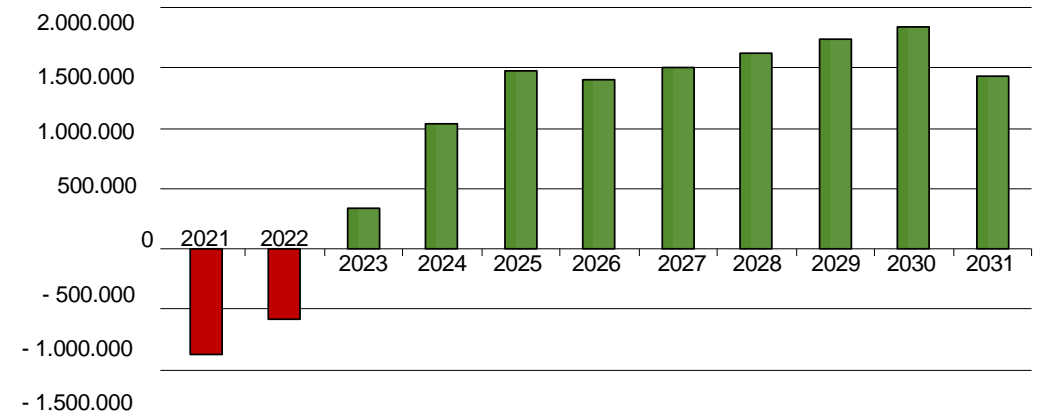
P&L PROJECTION WITHOUT MANAGEMENT COMPANY (2/4)

- As visible from the above projection of the P&L in the first two years (2021 (June-December) - 2022), there is a loss as a result of high financial expenses. Namely, as a result of higher operating income in relation to operating expenses, profit from operating activities is realized, however, as the company has an obligation to pay interest on long-term loans it results in the loss of the business year.
- From 2023 to 2025, the gains from operating activities have an increasing trend, and as financial expenses (interest on loans) are decreasing, the profit of the business year is growing, which in the typical business year (2025 year) amounts to EUR 1,479,571.
- Since 2026, the Company has an obligation to pay communal fees (1.5% of total revenues) and marketing expenses are higher than in the previous year, resulting in an increase in variable costs and, in spite of the smaller interest rate in 2026, compared to the previous year the profit amounts to EUR 1,402, 556.
- From 2027 to 2029, the company earns a profit in the amount of EUR 1,870,771, which decreases compared to the year 2026 due to higher marketing expenses and interests on loans decreases throughout the years till the repayment of the last annuity in 2030.
- In 2031, the Company has an obligation to pay income tax in accordance with the Income Tax Act due to the end of the tax incentive period. Therefore, the realized profit for the business year from 2027 to 2030 ranges from EUR 1,507,055 to EUR 1,845,670 while in 2031 it amounts to EUR 1,424,990. Profit for the year represents undistributed gains intended to repay the principal of the loan as well as dividend payments to shareholders.

Operating revenues and expenditures (in EUR)



Profit (loss) for the operating year (in EUR)



CASH FLOW STATEMENT WITHOUT MANAGEMENT COMPANY (3/4)

Year (in EUR)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flow at the beginning	-	-	-	4.896.838	-4.134.265	-4.608.322	-4.166.924	-3.018.651	-1.428.673	84.289	1.701.750	3.435.607	5.286.305	8.712.914
Operating activities	-	-	-636.990	887.868	2.440.551	3.356.006	4.062.882	4.504.586	4.427.571	4.532.069	4.648.465	4.765.307	4.870.684	4.450.004
a) Receipts	-	-	-	6.242.424	9.882.406	10.958.141	11.776.334	12.222.590	12.222.590	12.222.590	12.222.590	12.222.590	12.222.590	12.222.590
Operating income	-	-	-	6.162.624	9.745.606	10.821.341	11.639.534	12.085.790	12.085.790	12.085.790	12.085.790	12.085.790	12.085.790	12.085.790
Rental income	-	-	-	79.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800
Extraordinary income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Payments	-	-	636.990	5.354.556	7.441.855	7.602.135	7.713.451	7.718.004	7.795.019	7.690.520	7.574.125	7.457.283	7.351.906	7.772.586
Variable Costs	-	-	-	1.031.596	1.861.167	2.068.583	2.228.437	2.281.464	2.474.836	2.486.922	2.486.922	2.486.922	2.486.922	2.486.922
Fixed costs	-	-	58.292	334.379	572.651	581.177	587.043	592.964	592.964	592.964	592.964	592.964	592.964	592.964
Labor costs	-	-	-	2.925.743	4.061.400	4.122.321	4.184.156	4.246.918	4.246.918	4.246.918	4.246.918	4.246.918	4.246.918	4.246.918
Extraordinary expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	578.698	1.062.838	946.638	830.054	713.816	596.658	480.301	363.716	247.321	130.479	25.102	-
Profit tax	-	-	-	-	-	-	-	-	-	-	-	-	-	445.782
Investment activities	-	-	-22.141.723	-7.004.362	-	-	-	-	-	-	-	-	-	-
a) Receipts	1.270.000	11.263.670	6.897.053	-	-	-	-	-	-	-	-	-	-	-
Own capital	1.270.000	11.263.670	6.897.053	-	-	-	-	-	-	-	-	-	-	-
Rest value	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Payments	1.270.000	11.263.670	29.038.776	7.004.362	-	-	-	-	-	-	-	-	-	-
Payments for investments	1.270.000	11.263.670	29.038.776	7.004.362	-	-	-	-	-	-	-	-	-	-
Financial activities	-	-	27.675.551	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-1.444.075	-
a) Receipts	-	-	29.146.084	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	29.146.084	-	-	-	-	-	-	-	-	-	-	-
Financial revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Payments	-	-	1.470.533	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	1.444.075	-
Repayment of principal	-	-	1.470.533	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	1.444.075	-
Total Cash Flow	-	-	4.896.838	-9.031.102	-474.057	441.397	1.148.274	1.589.977	1.512.962	1.617.461	1.733.856	1.850.699	3.426.609	4.450.004
Cumulative cash flow	-	-	4.896.838	-4.134.265	-4.608.322	-4.166.924	-3.018.651	-1.428.673	84.289	1.701.750	3.435.607	5.286.305	8.712.914	13.162.919

CASH FLOW STATEMENT WITHOUT MANAGEMENT COMPANY (4/4)

- As shown in the table above 2018 and 2019 cash income (equity) and payments (investment payments) from investment activities are equalized.
- In the year 2020, cash payments from operating activities relate to fixed costs i.e. to the bank for loan approval (EUR 58,292) and the interests for long-term loans granted during 2020 (EUR 578,698). Payments from financing activities relate to repayment of the principal of the long-term loans (EUR 1,470,533).
- Receipts from investment activities (own capital EUR 6,897,053) and financial activities (loan EUR 29,146,084) will be made available for financing cash and payments from operating and financial activities and investment costs of EUR 29,038,776 in 2020 and the overall cash flow at the end of the year would also be positive for financing the part of the investment payments in the first half of 2018.
- In the first year (2021), a positive cash flow from operating activities and negative cash flows from investment (investment expenses) and financial activities (principal repayments) would be realized, which gives a negative cash flow of EUR -9,031,102, but with cash flow from the beginning of the period (positive cash flow of the previous year) gives a total cash flow of EUR -4,134,265. In 2022, a cash flow of EUR -474,057 would be realized since the cash flow from operating activities would be lower than the amount needed to repay the loan principal. During the period from 2023 to 2031, cash flow from the investment activities are not anticipated.
- In the period from 2023 to 2031, the company would realize positive total cash flows ranging from EUR 441,397 in 2011 to EUR 4,450,004 in 2019. Total cash flows have a trend of growth except for 2026 when due to the obligation to pay the commodity fee and higher market communication expenses compared to the previous year, the variable costs increase and, regardless of the lower cost of interest, a lower total cash flow would be realized compared to the previous year.
- Cumulative cash flow shows that negative cash flows from previous years as a result of high investment payments or principal repayments in the first years get covered by 2026 and in the period 2026-2031 they generate positive cumulative cash flow ranging from EUR 84,289 2026 years up to EUR 13,162,919 in year 2031.
- The realized positive cash flows represent free cash intended to pay dividends to shareholders or to invest in the further development of the company.
- It is important to note that the above-mentioned cash flow projection does not include the residual value as a positive cash flow (EUR 40,032,414) from investment activities that would be realized in 2031 as the final cash flow (estimated market value of the project decreased for the tax on the difference between market and bookkeeping values and increased for the value of working capital).

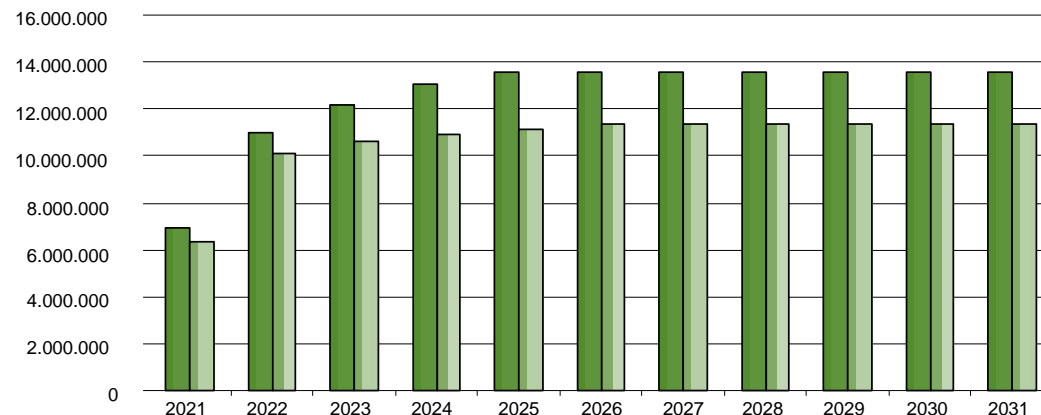
P&L PROJECTION WITH MANAGEMENT COMPANY (1/4)

Year (in EUR)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Revenue	6.907.234	10.957.877	12.160.426	13.071.512	13.587.129	13.587.129	13.587.129	13.587.129	13.587.129	13.587.129	13.587.129
Operating income	6.827.434	10.821.077	12.023.626	12.934.712	13.450.329	13.450.329	13.450.329	13.450.329	13.450.329	13.450.329	13.450.329
Overnight stays	3.177.732	4.906.673	5.523.945	5.983.871	6.389.983	6.389.983	6.389.983	6.389.983	6.389.983	6.389.983	6.389.983
Board catering services	1.050.551	1.690.839	1.861.016	1.983.216	1.873.883	1.873.883	1.873.883	1.873.883	1.873.883	1.873.883	1.873.883
Swimming pool	532.661	809.131	883.347	942.095	981.561	981.561	981.561	981.561	981.561	981.561	981.561
Sauna world (Wellness)	138.583	268.226	293.877	312.846	326.577	326.577	326.577	326.577	326.577	326.577	326.577
Fitness (Wellness)	67.216	109.544	118.747	126.456	131.260	131.260	131.260	131.260	131.260	131.260	131.260
Preventive and Relaxation Therapies (Wellness)	509.253	824.413	901.512	957.618	997.473	997.473	997.473	997.473	997.473	997.473	997.473
Curative Therapies (Nin Medicinal Mud)	146.815	265.272	295.820	324.848	340.794	340.794	340.794	340.794	340.794	340.794	340.794
Curative and rehabilitative medical services	315.568	597.285	666.832	733.269	768.840	768.840	768.840	768.840	768.840	768.840	768.840
Sports and recreational services	101.045	149.368	161.839	171.392	178.023	178.023	178.023	178.023	178.023	178.023	178.023
A-la-carte restaurants	405.188	619.227	679.437	721.018	756.665	756.665	756.665	756.665	756.665	756.665	756.665
Cafés and bars	335.088	480.874	524.147	559.233	582.222	582.222	582.222	582.222	582.222	582.222	582.222
Conferences and banquet center	47.735	100.226	113.107	118.850	123.051	123.051	123.051	123.051	123.051	123.051	123.051
Renting	79.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800
OPEX	6.375.276	10.084.413	10.597.582	10.939.523	11.135.814	11.378.397	11.358.222	11.358.222	11.358.222	11.358.222	11.358.222
Costs of materials and services	1.904.241	3.249.998	3.706.027	3.989.970	4.127.392	4.369.975	4.349.800	4.349.800	4.349.800	4.349.800	4.349.800
Variable Costs	1.565.246	2.669.435	3.116.327	3.393.996	3.525.208	3.767.792	3.747.616	3.747.616	3.747.616	3.747.616	3.747.616
Fixed costs	338.995	580.563	589.700	595.974	602.184	602.184	602.184	602.184	602.184	602.184	602.184
Labor costs	2.706.443	3.809.400	3.866.541	3.924.539	3.983.407	3.983.407	3.983.407	3.983.407	3.983.407	3.983.407	3.983.407
Amortization	1.764.592	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015	3.025.015
Profit (loss) from operations	531.959	873.464	1.562.844	2.131.989	2.451.316	2.208.732	2.228.908	2.228.908	2.228.908	2.228.908	2.228.908
Financial expenses	1.062.838	946.638	830.054	713.816	596.658	480.301	363.716	247.321	130.479	25.102	-
Interest on loans	1.062.838	946.638	830.054	713.816	596.658	480.301	363.716	247.321	130.479	25.102	-
Profit (loss) before Tax	-530.879	-73.174	732.790	1.418.173	1.854.657	1.728.432	1.865.191	1.981.587	2.098.429	2.203.806	2.228.908
Tax on profit	-	-	-	-	-	-	-	-	-	-	445.782
Profit (loss)	-530.879	-73.174	732.790	1.418.173	1.854.657	1.728.432	1.865.191	1.981.587	2.098.429	2.203.806	1.783.126

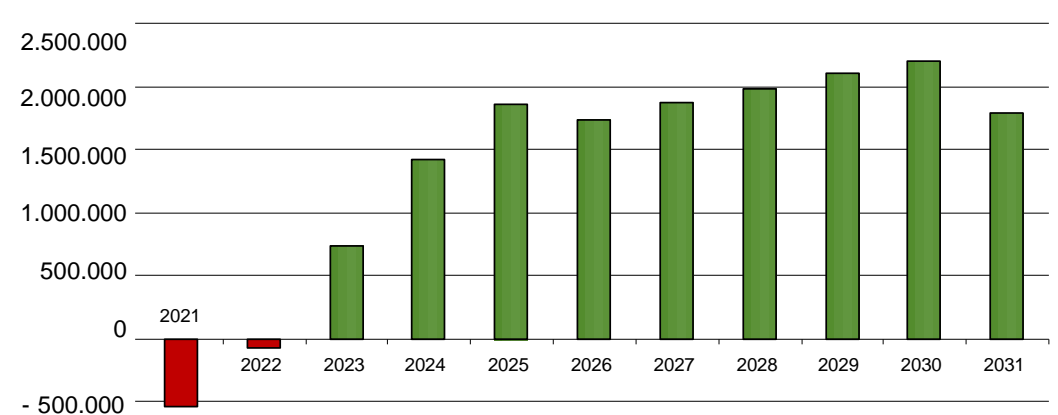
P&L PROJECTION WITH MANAGEMENT COMPANY (2/4)

- As visible from the above projection of the P&L in the first two years (2021 (June-December) - 2022), there is a loss as a result of high financial expenses. Namely, as a result of higher operating income in relation to operating expenses, profit from operating activities is realized, however, as the company has an obligation to pay interest on long-term loans, the amount of which is the largest in the first years of the repayment causing the loss of the business year. From 2023 to 2025, the profit from operating activities have an increasing trend, and as financial expenditures (interest on loans) are decreasing, the profit is generated which in the typical business year (2025) equals to EUR 1,854,657.
- Since 2026, the Company has an obligation to pay communal fees (1.5% of the total revenues) and Incentive Fees (10% GOP - operating profit increased by management and depreciation costs) due to the higher GOP achieved in the previous year, resulting in increasing the variable costs and regardless of the smaller interest rate in 2026, achieving a lower profit of the business year compared to the previous year and amounts to EUR 1,728,432.
- Between 2026 and 2031, the company generates operating profit in the amount of EUR 2,228,908 which is increased compared to 2025 due to decreased incentive fee (10% GOP - operating profit increased for management costs and amortization) and the amount the interest on the loans decreases till 2030 when the last annuity is settled.
- In 2031, the Company has an obligation to pay income tax in accordance with the Income Tax Act due to the end of the tax relief period as an incentive to invest. Therefore, the profit of the business year from 2027 to 2030 ranges from EUR 1,865,191 to EUR 2,203,806 while in 2031 EUR 1,783,126.
- Profit for the year represents undistributed profit intended to repay the principal of the loan as well as dividend payments to shareholders.

Operating revenues and expenditures (in EUR)



Profit (loss) for the operating year (in EUR)



CASH FLOW STATEMENT WITH MANAGEMENT COMPANY (3/4)

Year (in EUR)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Cash flow at the beginning	-	-	-	4.896.838	-3.788.420	-3.751.187	-2.907.991	-1.379.412	585.651	2.424.489	4.400.087	6.492.080	8.700.915	12.485.660
Operating activities	-	-	-636.990	1.233.712	2.951.841	3.757.805	4.443.187	4.879.672	4.753.446	4.890.206	5.006.601	5.123.444	5.228.821	4.808.141
a) Receipts	-	-	-	6.907.234	10.957.877	12.160.426	13.071.512	13.587.129	13.587.129	13.587.129	13.587.129	13.587.129	13.587.129	13.587.129
Operating income	-	-	-	6.827.434	10.821.077	12.023.626	12.934.712	13.450.329	13.450.329	13.450.329	13.450.329	13.450.329	13.450.329	13.450.329
Rental income	-	-	-	79.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800	136.800
Extraordinary income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Payments	-	-	636.990	5.673.522	8.006.036	8.402.621	8.628.325	8.707.458	8.833.683	8.696.923	8.580.528	8.463.686	8.358.309	8.778.989
Variable Costs	-	-	-	1.565.246	2.669.435	3.116.327	3.393.996	3.525.208	3.767.792	3.747.616	3.747.616	3.747.616	3.747.616	3.747.616
Fixed costs	-	-	58.292	338.995	580.563	589.700	595.974	602.184	602.184	602.184	602.184	602.184	602.184	602.184
Labor costs	-	-	0	2.706.443	3.809.400	3.866.541	3.924.539	3.983.407	3.983.407	3.983.407	3.983.407	3.983.407	3.983.407	3.983.407
Extraordinary expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	578.698	1.062.838	946.638	830.054	713.816	596.658	480.301	363.716	247.321	130.479	25.102	-
Profit tax	-	-	-	-	-	-	-	-	-	-	-	-	-	445.782
Investment activities	-	-	-22.141.723	-7.004.362	-	-	-	-	-	-	-	-	-	-
a) Receipts	1.270.000	11.263.670	6.897.053	-	-	-	-	-	-	-	-	-	-	-
Own capital	1.270.000	11.263.670	6.897.053	-	-	-	-	-	-	-	-	-	-	-
Rest value	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Payments	1.270.000	11.263.670	29.038.776	7.004.362	-	-	-	-	-	-	-	-	-	-
Payments for investments	1.270.000	11.263.670	29.038.776	7.004.362	-	-	-	-	-	-	-	-	-	-
Financial activities	-	-	27.675.551	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-2.914.608	-1.444.075
a) Receipts	-	-	29.146.084	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	29.146.084	-	-	-	-	-	-	-	-	-	-	-
Financial revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b) Payments	-	-	1.470.533	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	1.444.075	-
Repayment of principal	-	-	1.470.533	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	2.914.608	1.444.075	-
Total Cash Flow	-	-	4.896.838	-8.685.258	37.232	843.197	1.528.579	1.965.063	1.838.838	1.975.598	2.091.993	2.208.835	3.784.746	4.808.141
Cumulative cash flow	-	-	4.896.838	-3.788.420	-3.751.187	-2.907.991	-1.379.412	585.651	2.424.489	4.400.087	6.492.080	8.700.915	12.485.660	17.293.801

CASH FLOW STATEMENT WITH MANAGEMENT COMPANY (4/4)

- As shown in the table above 2018 and 2019 cash receipts (equity) and payments (investment expense) from investment activities are equalized.
- In the year 2020, payments from operating activities relate to fixed costs i.e. to the bank for loan approval (EUR 58,292) and the interest expense for long-term loans granted during 2020 (EUR 578,698). Payments from financing activities relate to repayment of the principal of the long-term loans (EUR 1,470,533).
- Receipts from investment activities (own capital EUR 6,897,053) and financial activities (loan EUR 29,146,084) will be made available for financing cash and payments from operating and financial activities and payments for investment of EUR 29,038,776 in 2019 and since the overall cash flow at the end of the year would also be positive for financing the part of the investment payments in the first half of 2020.
- In the first year (2021), a positive cash flow from operating activities and negative cash flows from investment (investment expenses) and financial activities (principal repayments) would be realized, which gives a negative cash flow of EUR -8,685,258, but with cash flow from the beginning of the period (positive cash flow of the previous year) gives a total cash flow of EUR -3,788,420.
- In 2022, a cash flow of EUR 37,232 would be realized since the cash flow from operating activities would be higher than the amount needed to repay the loan principal. During the period from 2022 to 2031, cash flow from the investment activities are not anticipated.
- In the period from 2022 to 2031, the company would realize positive total cash flows ranging from EUR 37,232 in 2022 to EUR 4,808,141 in 2031. Total cash flows have a trend of growth except for 2026 when due to the obligation to pay the commodity fee and higher Incentive fee compared to the previous year, the variable costs increase and, regardless of the lower cost of interest, a lower total cash flow would be realized compared to the previous year.
- Cumulative cash flow shows that negative cash flows from previous years as a result of high payments for investment or principal repayments in the first years covers up by 2025 and in the period 2025-2031 they generate positive cumulative cash flow ranging from EUR 585,651 in 2025 up to EUR 17,293,801 in 2031. The realized positive cash flows represent free cash intended to pay dividends to shareholders or to invest in the further development of the company.
- It is important to note that the above-mentioned cash flow projection does not include the residual value as a positive cash flow (EUR 40,032,414) from investment activities that would be realized in 2031 as the final cash flow (estimated market value of the project decreased for the tax on the difference between market and bookkeeping values and increased for the value of working capital).

STATIC EVALUATION OF THE PROJECT

Static indicators of the success of investment project without management company

Static indicators	2021	2022	2023	2024	2025	2026	2027	2028	2029	20130	2031
Total business profitability	0,88	0,94	1,03	1,10	1,14	1,13	1,14	1,15	1,17	1,18	1,18
Business profitability	1,03	1,04	1,12	1,17	1,20	1,18	1,18	1,18	1,18	1,18	1,18
ROE (net profit / equity)	-0,05	-0,03	0,02	0,05	0,08	0,07	0,08	0,08	0,09	0,09	0,07
Interest coverage	0,18	0,38	1,40	2,45	3,48	3,92	5,14	7,56	14,34	74,53	
Gross profit margin	0,03	0,04	0,11	0,15	0,17	0,15	0,15	0,15	0,15	0,15	0,15
Net profit margin	-0,14	-0,06	0,03	0,09	0,12	0,11	0,12	0,13	0,14	0,15	0,12

Static indicators of the success of investment project with the management company

Static indicators	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total business profitability	0,93	0,99	1,06	1,12	1,16	1,15	1,16	1,17	1,18	1,19	1,20
Business profitability	1,08	1,09	1,15	1,19	1,22	1,19	1,20	1,20	1,20	1,20	1,20
ROE (net profit / equity)	-0,03	0,00	0,04	0,07	0,10	0,09	0,10	0,10	0,11	0,11	0,09
Interest coverage	0,50	0,92	1,88	2,99	4,11	4,60	6,13	9,01	17,08	88,80	
Gross profit margin	0,08	0,08	0,13	0,16	0,18	0,16	0,16	0,16	0,16	0,16	0,16
Net profit margin	-0,08	-0,01	0,06	0,11	0,14	0,13	0,14	0,15	0,15	0,16	0,13

Dynamic performance indicators of the investment project without management company

Dynamic performance indicators	
Pay-back period (years)	9,11
Discounted return period (years)	9,88
Net present value (EUR)	2.320.505
Internal rate of return (%)	7,49%
Modified internal rate of profitability (%)	7,23%
Profitability Index	1,05

Dynamic performance indicators of the success of the investment project with the management company

Dynamic performance indicators	
Pay-back period (years)	9,02
Discounted return period (years)	9,75
Net present value (EUR)	4.816.533
Internal rate of return (%)	8,25%
Modified internal rate of profitability (%)	7,70%
Profitability Index	1,11

- It can be concluded that the project is economically and financially efficient with its own management and with the management company, while better results are achieved with the management company.
- It is important to note that the projections made are conservative and leave enough space to achieve even better business results and greater investment project success.



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