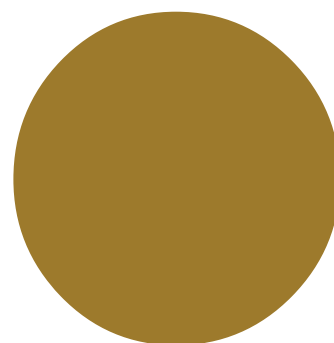


Investment opportunity



2009.

Hotel
'MERIDIONAL' Lovran
Croatia



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It is some 19 km distant from Croatia's major port, Rijeka, 14 km from Matulji railway station, and 80 km from Pula Airport. It is ringed by high mountains to the north and west (Učka 1396 m, Snježnik 1605 m, Risnjak 1528 m), and to the south by the islands of Krk and Cres. Its position gives it exceptional protection from the winds.

From the point of geographical similarities and tourism development, Lovran is part of Opatija or Liburnia Riviera that includes Mošćenička Draga, Medveja, Lovran, Ika, Ičići, Opatija and Volosko along the coast and Veprinac in the hinterland. The famous lungomare (12 km long) is connecting Lovran and Volosko. Thorough its history, Lovran was known as maritime centre, due to the tradition of the shipbuilding and the number of captains (more than 20 in the middle of 19th century).

1. LOCATION ANALYSIS

1.1. DESTINATION OVERVIEW

Lovran is part of Primorje - Gorski kotar County (Primorsko-goranska županija) which is located in the western part of Croatia, and includes the Bay of Kvarner with islands Krk, Cres, Lošinj and Rab with the mountainous region of Gorski kotar. Lovran is located on the eastern coast of Istria, in the Bay of Kvarner. It is quartered at the foot of the greenest and most vegetation-rich mountain in the Adriatic, Mt Učka.

A good climate, luxuriant Mediterranean vegetation and a favorable geographic location contributed to the rapid development of tourism during the late 19th and early 20th centuries. Since that time, Lovran, together with Opatija, has been the most important locality on the famed Riviera. Several villas designed by the celebrated Viennese architect Carl Seidel dating from that period are part of the world architectural heritage.

At the beginning of the 21st century, Lovran can draw on a rich historical heritage, a hundred-year-old tradition of tour-

ism, a well-preserved nature, a developed infrastructure and everything else that permits a new take-off in the tourist industry combined with sustainable development and respect for all ecological standards.

1.2. TRAFFIC

The northern part of the Adriatic coast is very good connected with hinterland. Lovran is therefore very good accessible through the city of Rijeka, the major regional traffic centre.

The nearest international airport is Rijeka Airport, located on the island of Krk, 50 km from Lovran. The island of Krk is connected to the land with a bridge, so the airport is easily accessible. Regular and charter flights are organized by Croatia Airlines, Tuifly, Norwegian Air Shuttle and Easy Jet. Other airports in the area are in Pula (81 km), Trieste Friuli Venezia Giulia (100 km), Ljubljana (122 km), Zagreb (181 km).

Lovran is connected to major middle European destinations (Austria, Germany, Italy) with one of the most important motorways for the region is A6 (Zagreb – Rijeka), A7 (which leads north to Slovenia), and A8 (through Istria).

As shown below, there are at least ten large cities in Europe that are roughly 550 km away from Lovran (in driving duration 4-5 hours), which is a strength of this destination.

2. MICRO LOCATION OF THE PROJECT

2.1. LOCATION AND SURROUNDINGS

Project site of the Hotel 'Meridional' is located in Lovran, overlooking the public beach called Kvarner, between the Orthopedic Clinic in direction of Opatija and Hotel Excelsior in direction of the centre of Lovran. Hotel is conveniently positioned underneath the main road, and in front of it there is well maintained public park owned by the city of Lovran and the main public beach. The narrow road in front of the hotel is public, but used mainly by the residents in the area.

Across the main road behind the hotel, there are green areas with family residences, some of them with family businesses at the ground level. Left of the hotel, to the north, there are two upscale properties, recently renovated Villas. On the other side of the hotel Meridional, there is a family residence and further to the direction of the centre of Lovran is Hotel Excelsior.

There are lot of green areas in the surroundings with the facilities that are in harmony with the main Lovran architecture and style.

The location is suitable for an upscale property.



The main road in direction of Lovran does not have a lots of traffic, because all the traffic is transferred to the road above Riviera. Main entrance to the hotel is at the northern side, facing the road. This position provides good visibility of the property.

2.2. TOURISM DEVELOPMENT AND TRENDS IN LOVRAN

Lovran is beside Opatija the most attractive destination along Liburnia Riviera. The beginning of tourism development in Lovran started in the 19th century. Lovran has developed into peaceful resort with sophisticated style, that was visited by aristocracy mostly for health reasons and retreat.

At the end of the 19th century and the beginning of the 20th century, majority of today's villas have been constructed, as well as several hotels.

Hotel Meridional was one of the first ones, constructed in 1906. and operated under the name 'Hotel-pension Beausejour'.

The main tourism resources of Lovran include the atmosphere of the old monarchy with secession villas along the coast, as well as two city beaches Peharevo and Kvarner.





One of the advantages of Lovran is its position that enables taking day trips to some very interesting places in the vicinity, for example:

- Twelve kilometre of lungomare along the coastline connecting Lovran, Ika, Ičići, Opatija and Volosko (completed 1889.)
- National parks Risnjak, Brijuni or Plitvice lakes
- Little towns on the Istrian coast and hinterland, islands of Krk, Cres and Rab
- Postojna Cave in Slovenia.

3. GENERAL INFORMATION OF THE PROJECT

3.1. IN GENERAL

Hotel Meridional in Lovran has been registered in the land books of the Municipal Court at Lovran, at the Land Book Excerpt, of the Land Registry File under no. 765; at the land plot 410; of a type of a dwelling house of the area of 801 m², at the cadastral municipality of Oprić.

The land plots around the facility are:

- Cadastral plot 126/2 of the area of 332 m², of a forest type area, Land Book File 1698; at the cadastral municipality of Oprić,
- Cadastral plot 126/3 of the area of 994 m², of a garden type area, Land Book File 765; at the cadastral municipality of Oprić,
- Cadastral plot 137/2 of the area of 55 m², Land Book File 777; at the cadastral municipality of Oprić,
- Cadastral plot 138/2 of the area of 164 m², Land Book File 777; at the cadastral municipality of Oprić.

Hotel Meridional is currently not operating and it needs a complete reconstruction.

3.2. TITLE DEED

The ownership of the real property is evidenced based on the enclosed title deeds issued on the base of the land register

data, as owned by the exclusive registered owner by Ugo grupa d.o.o. Zagreb, at all the subject-matter real property with the share of 1/1.

4. DESCRIPTION OF THE REAL PROPERTY

4.1. BUILDING LAND AND LAYOUT IDENTIFICATION OF THE FACILITY

Location:

The facility, with belonging land beneath the facility and the surrounding land plots, is a detached house of the levels of S+P+5 (meaning: basement + ground floor + 5 floors). It is in Lovran, at the address of Šetalište Maršala Tita 9, (old number is 7) in the very city of the town. The facility is oriented on its northern side to the main urban traffic route, and at the southern side, with its front, to the sea. It is located within registered urban complex of Lovran, at a very attractive location within a park in an immediate vicinity of a regulated sea coast.

The facility is located at the building land plot of 410 of the area – horizontal projection P= 801.00 m² and c.p. (cadastral plot) 126/3 garden – of the area of P= 994.00 m², c.p. 126/2 of the area of 332 m², of a forest type area, Land Book File 1698; at the cadastral municipality of Oprić, Cadastral plot 137/2 of the area of 55 m², Land Book File 777; at the cadastral municipality of Oprić, c.p. 138/2 of the area of 164 m², Land Book File 777; at the cadastral municipality of Oprić, The land plot of the complex is of an irregular shape, located between: the road of Lovran - Opatija at the north side and the promenade of Đuro Salaj at the south-east side.



Vehicle traffic is possible from the promenade of Đuro Salaj, and for the pedestrians, from the same street and from the road of Lovran – Opatija. The land plot has a parking lot available.

Storey levels and existing contents:

As for the number of storeys, the building has seven levels. The economic premises of the estate are placed at the basement, the reception, restaurant, kitchen and communications are at the ground floor and the accommodation units are at the remaining four floors and on the top floor there is a terrace.

The building is purposed to be a hotel with totally 50 rooms without baths at the 1st, 2nd, 3rd, and 4th floors. At the level of the ground floor, there is a catering unit with its accompanying contents and roofed over terrace. At the 5th floor, there is a roofed over terrace – for sunbathing.

The facility is connected to public municipal networks of water supply, sewerage, electricity supply and telephone.

Heating of the space is centrally through the boiler room on heating oils, placed at the basement of the facility. At the round beside the facility there is a cistern, a transformer sub-station and gas-station.

Year of building:

The hotel was built in the year of 1906. In 1958, certain reconstruction of the facility was performed.



Purpose:

At the moment the hotel is outside of use because of its developing into a high-category hotel.

4.2. GEOMETRIC INDICATORS

NET AREAS AT THE FLOORS:

- Lowered ground floor	$495,28 \text{ m}^2 + 103,39 \text{ m}^2 \times 0,50 = 547,64 \text{ m}^2$
- Ground floor	$442,28 \text{ m}^2 + 297,32 \text{ m}^2 \times 0,25 = 516,61 \text{ m}^2$
- 1st floor	446,03 m ²
- 2nd floor	372,65 m ²
- 3rd floor	372,65 m ²
- 4th floor	358,33 m ²
- 5th floor	$422,35 \text{ m}^2 \times 0,25 = 105,58 \text{ m}^2$

TOTAL: 2.719,49 m²

GROSS AREAS AT THE FLOORS:

- Lowered ground floor	752,30 m ²
- Ground floor	831,00 m ²
- 1st floor	554,75 m ²
- 2nd floor	462,50 m ²
- 3rd floor	462,50 m ²
- 4th floor	462,50 m ²
- 5th floor	462,60 m ²

TOTAL: 3.988,75 m²

- Construction land plot area amounts to: 2.346,00 m²
- Horizontal projection of the hotel: 831,00m²
- Number of rooms: 50
- Floors: Lowered ground floor, ground floor, 1st, 2nd, 3rd, 4th, 5th floors
- Height: From the lowered ground floor ± 0.00 m1 up to roof-covered part of the terrace + 27 m1.

4.3. STRUCTURE AND MATERIALS

FOUNDATIONS:

Combined stone and bricks, strip foundations

STRUCTURE:

The facility has main load bearing walls d= 85 cm, made of stone and solid bricks. The structures among floors are partially of wooden beams with the filling of rubble and sand, and partially of concrete.

PARTITION WALLS:

Partition walls are of solid bricks 7 and 12 cm thick, plastered at the both sides with lime plaster.

FAÇADE:

Façade is of a classic plaster, with a finishing plaster applied. Around the openings it has stone lines and at the base a stone plinth.

ROOF AND COVERING:

A roof above the facility is an open terrace.

JOINERY:

External windows are of wood k/k glazed by ordinary glass. Internal joinery is of wood.

FLOORS:

Floor linings are terrazzo, parquet and ceramic tiles.

TREATMENT OF WALLS:

Walls are smoothed and painted by means of dispersive paint.

CEILING TREATMENT:

The same as with the walls

SHEET-METAL WORKS:

These are of galvanised metal sheet – worn-out.

WATER INSTALLATIONS:

A separate connection with a measuring device

SEWERAGE INSTALLATION:

Connected to municipal sewerage system

INSTALLATION OF ELECTRICITY:

A separate connection with a meter

INSTALLATION OF TELEPHONE:

Exists

PARKING LOT:

Existing within the land plot

ENVIRONMENT:

Consists, at the southern side of a developed park and promenade of “Lungo mare” and at the other sides, there is the backyard of the hotel.

5. BUSINESS PROPOSITION

Potential investors are being presented with an opportunity to purchase a Hotel Meridional located in the town of Lovran.

The Hotel is conveniently positioned underneath the main road, and in front of it there is well maintained public park owned by the city of Lovran and the main public beach. At the moment the facility is outside of use.

The location of the hotel is suitable for an upscale property.



Description Of The Property -new Condition

1. PHYSICAL PLANNING CONCEPT

Architectural concept for Hotel MERIDIONAL is based on the principle of restoring the historic stile of the existing historic building and designing the new part of the hotel in a modern architectural style. Through their complete contrast the existing and the new building will represent two different buildings which merge to form a new architectural line present in this street of Lovran.

2. SHAPE AND FORM OF THE BUILDING PLOT

This specific building plot is situated within the building zone of Lovran, at the location of cadastral plot 126/2,126/3, 173/2 and 138/2, gr.č.410, of total area surface 2.346,00 m².

Building plot has an irregular shape and is situated between the road Lovran – Opatija from the west side and the promenade Đuro Salaj from the east side, along the cadastral plot 126/4, k.o. Oprić, on the north side and a public surface cadastral plot 137/3 on the south side. Building plot is situated approximately 75 m from the sea.

3. BUILDING ALLOCATION

The existing building is allocated for accommodation purposes, and is of hotel-pension type. In reality, this is a derelict building that is no longer in use. Current owner plans to use this construction intervention to increase the accommodation standard in a manner which will place the hotel in the 5 (five) star category, in accordance with the Regulations on the Classification, Minimum Conditions and Categorization of Accommodation, with simultaneous increase of accommodation capacity.

After the reconstruction and addition, content disposition is as follows:

- basement level – 2: garage + storage-service area;
- basement level – 1: garage + storage-service area;
- low ground floor: reception hall, bar, toilette for guests, swimming pool with sanas and wellness center, kitchen and restaurant;
- high ground floor: hotel accommodation units and swimming pool gallery;



- floors 1st to 4th: hotel accommodation units;
- Loft: hotel accommodation units.

Table:

OVERVIEW OF HOTEL ACCOMODATION UNITS

FLOORS	ROOMS	BEDS
high ground floor	11+0=11	23+ 0 =23
1st floor	11+8=19	23+16=39
2nd floor	11+8=19	23+16=39
3rd floor	11+8=19	23+16=39
4th floor	11+8=19	23+16=39
Loft	11+0=11	23+ 0 =23
TOTAL	98	202

4. BUILDING SIZE AND AREA SURFACE

Reconstruction of the existing building will be performed in the manner that will preserve the existing building.

A.1.

Number of floors – old part:

- basement levels – 1 and 2, low ground floor, high ground floor, 1st, 2nd, 3rd, 4th floor and partially covered roof terrace

Number of floors – new part:

- basement levels – 1 and 2, low ground floor, gallery, 1st, 2nd, 3rd, 4th floor and loft

A.2.

Building height – old part:

- height from elevation +/- 0,0: 28,00 m'
- height from high ground floor elevation to the cornice: 24,90 m'
- height from high ground floor elevation to the cornice: 24,60 m'
- height from the entrance elevation to the ridge: 28,45 m'

Building height – new part:

- height from elevation +/- 0,0 to the edge of the façade: 25,00 m'
- height from high ground floor elevation to the edge of the façade: 22,60

B. BUILDING AREA SURFACE

B.1. DEVELOPED AREA SURFACE OF THE BUILDING

FLOOR	OLD PART		NEW PART	
	gross m ²	net m ²	gross m ²	net m ²
basement level – 1	2.013,60	1.782,00		
basement level – 2	2.013,60	1.782,00		
lowered ground floor	1.578,42	1.396,83		
high ground floor	858,71	759,92	211,19	186,90
1st floor	579,38	512,73	333,52	295,15
2nd floor	491,17	434,17	333,52	295,15
3rd floor	476,43	421,62	333,52	295,15
4th floor	469,78	415,73	333,52	295,15
Loft	343,88	304,32		
TOTAL	8.824,97	7.809,32	1.545,27	1.367,50

TOTAL: GROSS = 10.370,24 m²
 NET = 9.176,82 m²

B.2. GEOMETRIC INDICATORS

1. Building plot area surface: 2.346,00 m²
2. Gross area surface of the horizontal projection outside of the site:
 - low ground floor: 1.578,42 m²
3. Gross developed area surface of the building: 10.370,24 m²
4. Building completion (coefficient) – Kig:
 - low ground floor: 1.578,42 : 2.346,00 = 67,3%
5. Usage coefficient – Kis
Kis = 10.370,24 : 2.346,00 = 4,42

BUILDING POSITION ON THE BUILDING PLOT, i.e. WITHIN THE ZONE OF INTERVENTION

Reconstructed and fenced off building follows the line of the existing building along the north and east side of the building



plot. Building is situated at the edge of the building plot. On the south side, the building is situated along the border of the building plot, and on the west side it is moved 4,0 m' from the border of the building plot.

5. BUILDING FORMATION

EXISTING BUILDING

Many changes are visible when comparing the project design and old photographs to the current state. Since this historic building prolonged the tradition of Central European palaces with especially beautiful decorative details, we suggest that the current building be reconstructed in historical style which will bring it closer to its original design.

NEW BUILDING

New building block is planned as a separate, detached building. The building is planned to have a modern architectural form that will be completely visually different from the reconstructed existing building. Façade formation for the new building is planned in two tiers: first part of the façade is planned to meet all the demands for building's function and physics and the second part is planned to provide protection from the sun and a modern architectural and visual component.

6. BUILDING PLOT CONSTITUTION

During the intervention, in the phase of project design and construction work, it is necessary to pay special attention to landscaping of the MERIDIONAL which is situated on the plot, protecting the existing flora and adding new.

Since the terrain is sloped towards the sea, the plot is planned to be made in a cascade manner, where the formed pedestrian plateaus will alternate with green surfaces, saving a part of the existing trees and valuable flora, while making a walking path connection between the hotel and lungomare at the same time.

When designing the building it is necessary to take into account the ambiance values of the wider location.

7. MANNER AND TERMS OF BUILDING PLOT AND BUILDING CONNECTION TO THE PUBLIC TRAFFIC SURFACE AND COMMUNAL INFRASTRUCTURE

TRAFFIC

Building plot and the building are connected to the public traffic surface via Đuro Salaj Street. Entrance into and exit from the garage also takes place via Đuro Salaj Street.



COMMUNAL INFRASTRUCTURE

The existing building is connected to the existing infrastructure: city water supply and sewage lines, electric energy and telephone networks.

New reconstructed and added building will be using the same infrastructure in accordance with special conditions specified in compliances of the authorized utility companies.

Predicted maximum electrical energy consumption will be approximately 120 KW.

Predicted maximum water supply consumption will be approximately 12,5 L/sec.

The building has central heating – light distillate oil boiler-room.

8. PREVENTION OF UNFAVORABLE IMPACT ON THE ENVIRONMENT

The construction site for this building is located in an urban zone with planned infrastructure and decorated landscape.

Due to such conditions it is necessary to finish the surfaces and driveways in accordance with the valid urban and project documentation.



Environmental protection measures will be implemented through use of ecological materials in construction and reconstruction, with respect to standards and norms of construction.

Upon finishing construction works, landscaping will be designed in accordance with technical terms that will be set in the main project.

9. VEHICLE PARKING CONDITIONS

Vehicle parking is resolved by underground garage units, of the following capacity:

- basement level – 1:	45 garage parking places
- basement level – 2:	47 garage parking places
Total:	92 garage parking places

10. URBAN MEASURES FOR BUILDING PROTECTION

Access for firefighting technology in case of fire and people rescue is secured through direct road access from Đuro Salaj Street and Lovran-Opatija road, as well as the public surface on the south side of the building.

11. TERMS FOR PREVENTING URBAN AND ARCHITECTURAL BARRIERS

In the process of design and implementation we adhered to the Regulations on spatial standards, urban and technical conditions and norms for preventing urban and architectural barriers in urban planning and design.

Spaces within the building are accessible to invalids by ramps and elevators.

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