

Sunce koncern d.d.

Transaction Announcement – JV Partnership with TUI

UPDATE

Joint Venture with TUI AG by: **(i)** selling 50% of „Punta Zlatarac Tučepi d.o.o.“,
(ii) forming new JV Management Company and **(iii) acquisition of the Sutivan Land**

17 November 2017

Disclaimer

This presentation contains a number of statements related to the future development of Transaction and partnership of Sunce koncern d.d. („Sunce”) with TUI AG („TUI”). These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we or any involved party cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. Sunce or any involved party does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.

Note

Update on already published **Transaction Announcement – JV Partnership with TUI**. Following signs are used to easily navigate the reader through updated version *versus* previous presentation:

**NEW
DISCLOSURE**

» Sign used **(1)** on top of the slides whereas update has been done or **(2)** on a completely new slide

N

» Sign used as indication within slide where an update has been done

Content

I. Sunce koncern d.d. and TUI Group

3

II. Transaction structure: Key details and steps

6

III. Additional information on TUI BLUE Jadran and **Sutivan Land**

13

I.

Sunce koncern d.d. and TUI Group

	 bluesun HOTELS & RESORTS			 bluesun HOTELS & RESORTS	
	Local Company – domiciled in Croatia	Global Company – domiciled in Germany		859 employees in Croatia	67.000 employees in 130 countries*
	Revenues of 42 million EUR*	Revenues of 19,5 billion EUR*		760 thousands overnights	More than 20 million customers from 31 source markets travelling to 180 destinations*
	Underlying EBITDA of 13,7 million EUR*	Underlying EBITDA of 1,4 billion EUR*		11 owned hotels with 2.464 beds + 2 under Bluesun management	Over 300 hotels with 214.000 beds*
	ZSE listed business	A FTSE 100 business		Airport Brač owned by Sunce koncern d.d.	Around 150 aircraft*
	Market Capitalisation 101 million EUR**	Market Capitalisation 9,2 billion EUR**		-	14 cruise ships*
				-	About 1.600 retail shops in Europe*

* TUI - Based on 2015/2016 numbers; Sunce koncern – based on 2016 numbers ** As 6th of November 2017

Sunce koncern



- Long standing expertise in hotel operations in Croatia
- Knowledge of Croatian business and administrative environment
- Top beachfront hotel locations
- Insights into local development trends
- Trusted employer
- Profitable business model


TUI Hotels & Resorts



- Long-standing successful hotel partnerships
- Expertise in hotel management & operations with high customer satisfaction
- Proven track record of hotel growth
- Successful, well-known hotel brands
- Access to large customer base via own distribution channels



» Mutual benefits of JVs based on a robust and trustworthy relationship:

- » JV partners provide expertise
 - » Require less invested capital on a consolidated basis
 - » Delivering cash through dividend
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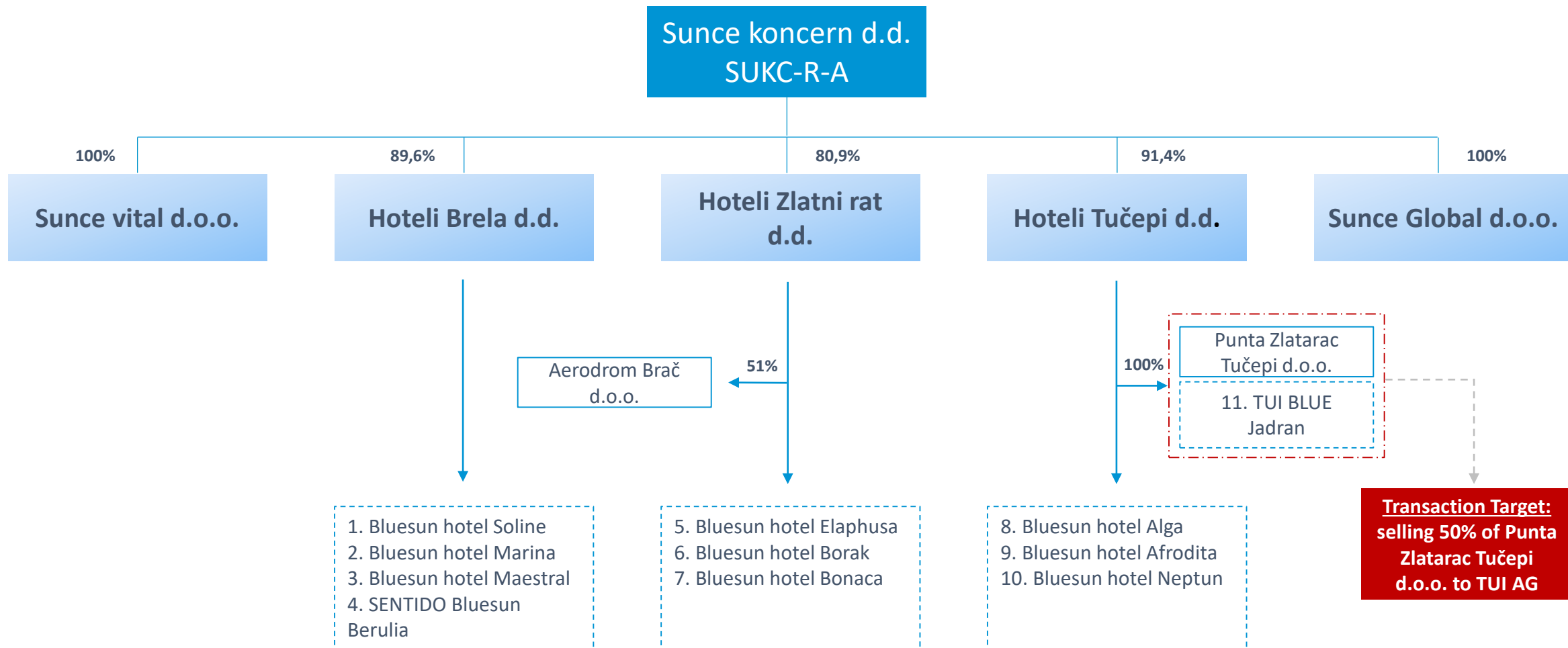


II.

Transaction structure: Key details and steps

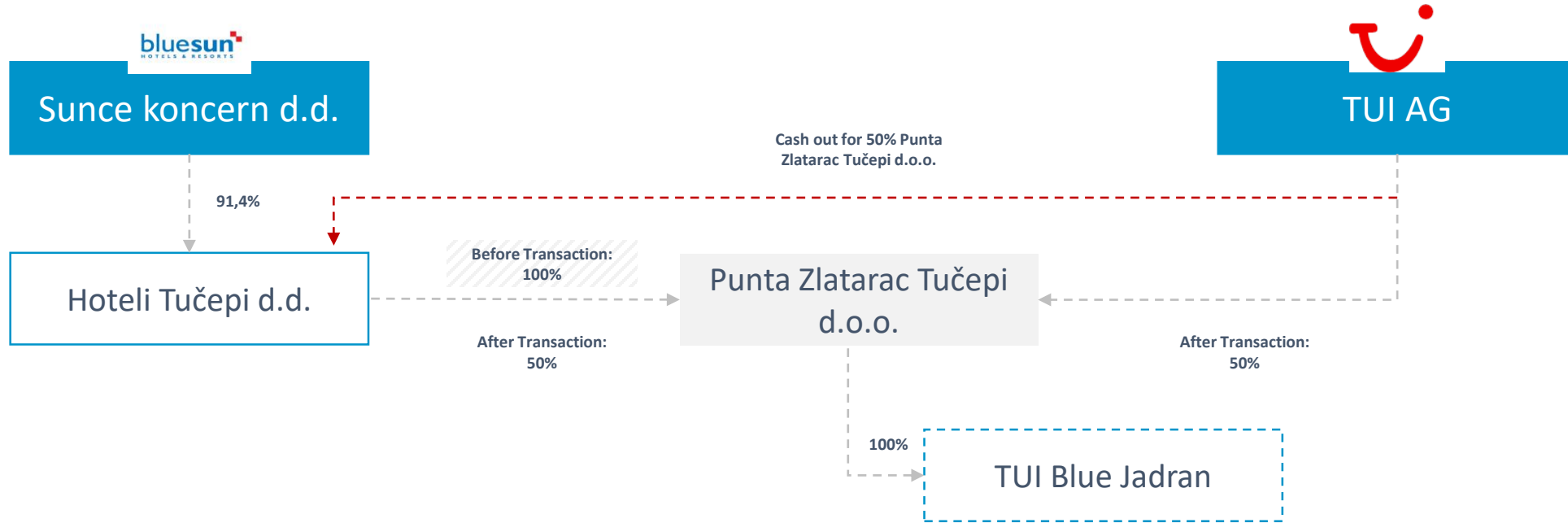
Key transaction details	Description
Transaction/Target	<p>N Step 1: The sale by Hoteli Tučepi d.d. to TUI 50% of Punta Zlatarac Tučepi d.o.o. ("Target")</p> <p>Step 2: Acquisition of the Sutivan Land</p> <p>Step 3: Forming new JV Management Company ("MgtCo"), with Sunce 49% and TUI 51%</p>
Sutivan Land details	<p>N 32ha plot located on the Island of Brač, Sutivan municipality</p>
Sutivan Land acquisition date	<p>N 16.11.2017.</p>
Update on Transaction Structure	<p>N</p> <ol style="list-style-type: none"> TUI provided related loan to the Target thus matching outstanding related loans already provided by Sunce. The funds were used to finance acquisition of the Sutivan Land The Target acquired 32ha plot on the Island of Brač in order to develop up to three new TUI branded hotels Loans provided by the Parties will be converted into Equity of the Target

Before Transaction - Organigram Sunce koncern d.d.



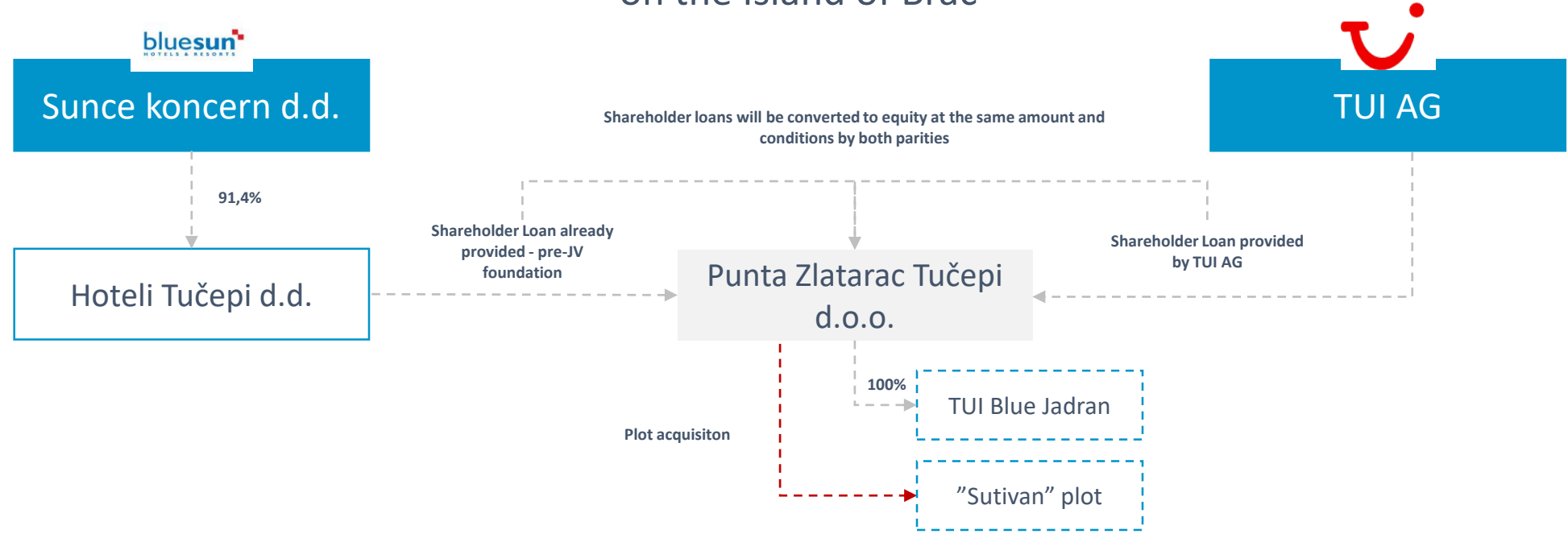
Transaction structure: Step 1

Step 1: Joint Venture formation through 50% acquisition of Punta Zlatarac Tučepi d.o.o.



TUI AG acquires 50% of Punta Zlatarac Tučepi d.o.o. for an EV of 31.500.000 EUR (100%). Punta Zlatarac Tučepi d.o.o. is a 100% subsidiary of Hoteli Tučepi d.d., which is part of Sunce koncern d.d. Punta Zlatarac Tučepi d.o.o. is the owning company of the hotel TUI BLUE Jadran in Tučepi.

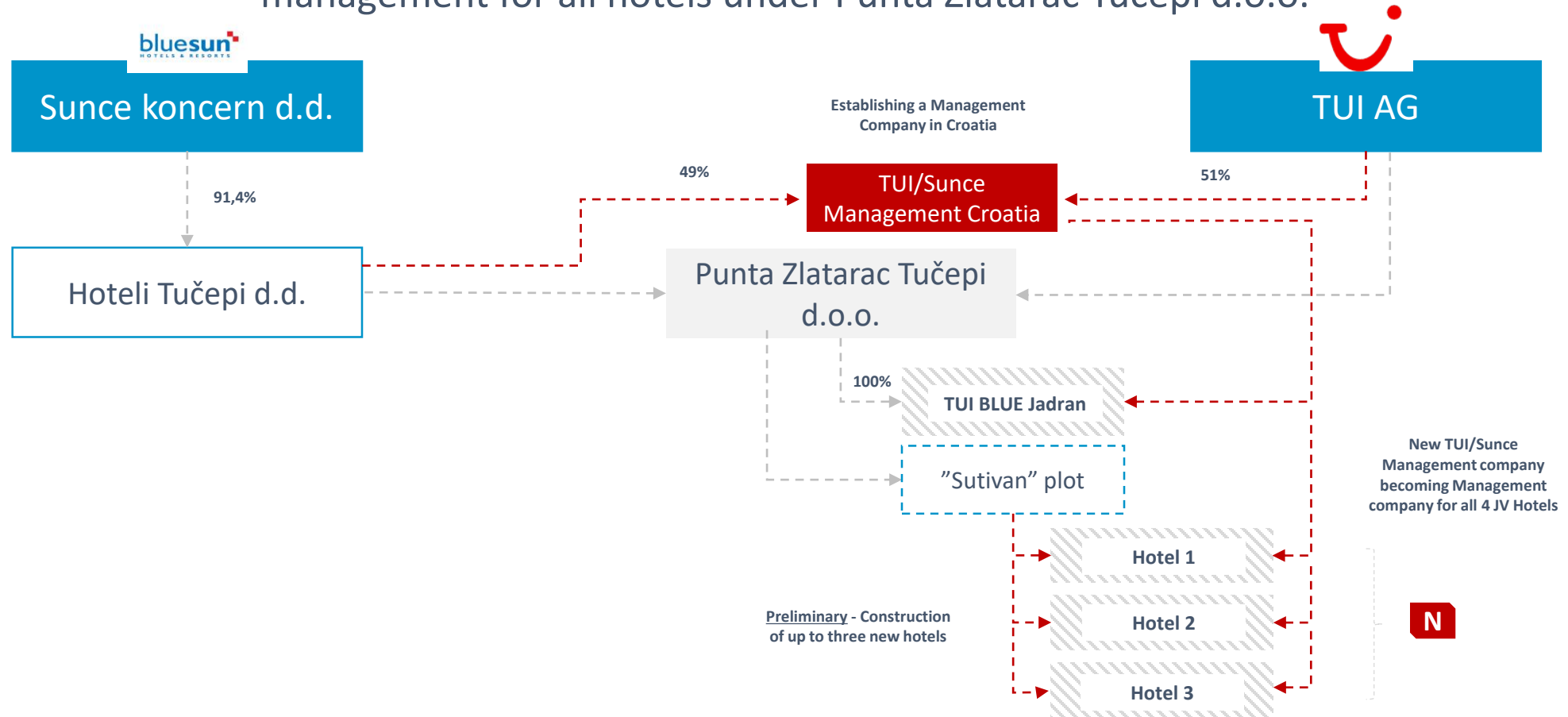
Step 2: TUI AG provides a shareholder loan to the new Joint Venture in order to jointly acquire a 32ha plot on the Island of Brač

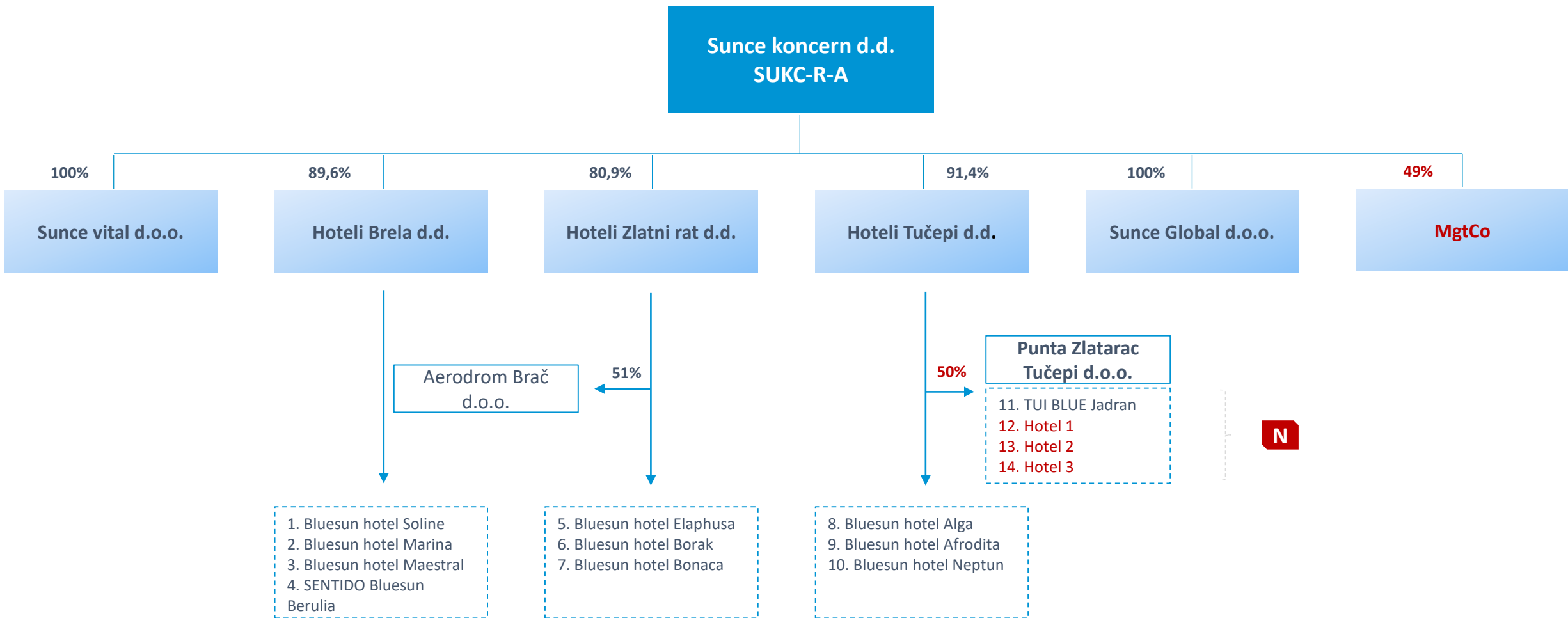


The **Joint Venutre Punta Zlatarac Tučepi d.o.o.** acquires a **32 ha direct beach access plot** on the **Island of Brač**, Croatia. TUI AG provides shareholder loan with the option to convert the shareholder loan into equity. Hotel Tučepi d.d. has provided shareholder loans to the JV in the same amount. The Joint Venture aims to construct up to 3 new TUI Hotels.

1 With identical conditions (maturity and interest rate) as shareholder loan already provided by Hotel Tučepi d.d.

Step 3: JV starting to plan construction of up to 3 new hotels, TUI & Sunce (51%/49%) with joint management for all hotels under Punta Zlatarac Tučepi d.o.o.





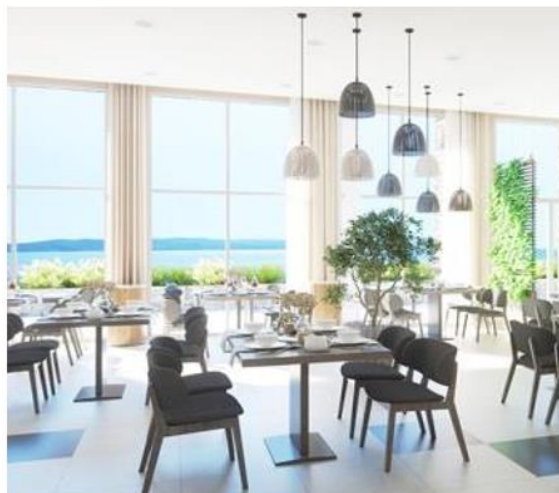
III.

Additional information on TUI BLUE Jadran

Hotel TUI BLUE Jadran – Successful opening as 1st TUI BLUE in Croatia under Franchise agreement on 1st July 2017

TUI BLUE Jadran 4.5*

Location	Tučepi, Croatia
Airport distance	SPU: 85 km (01:30h)
Opening	01 st of July 2017
# Rooms	161 (371 Beds)
Facilities	<ul style="list-style-type: none"> • 3 restaurants, 3 bars • 2 outdoor pools, exclusive swim-up pool • BLUEfit Park, Fitness room and various sports courts • Sauna, steam bath, 3 treatment rooms and a relaxation room
Target Group	Couples, Families
Owner	Punta Zlatarac Tučepi d.o.o.



"Sutivan" plot on Brač Island: 32ha of rare direct beach access land with two lagoons

Sutivan Project on Brač Island

Location	Brač Island, Croatia
Airport distance	SPU: 50 km BWK (Brač) 35 km
Beach	2 beaches
Plot	32 ha
Development	Up to 3 new hotels
Potential Brands	Yet to be determined

