



Medical, Recreational and Wellness Tourism



The Hungarian Investment and Trade Agency took part in collecting and editing the projects appearing in the brochure. If You would like to receive more detailed information on the projects, given sectors, or any industry which is not included in this publication, or need assistance in organizing meetings with project owners, please contact HITA on the contact details below.

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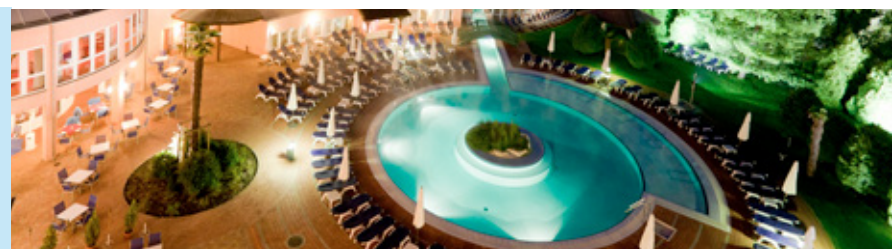
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Medical, Recreational and Wellness Tourism in Hungary

Tourism is one of the leading sectors in the world economy with a 9% contribution to the global GDP. Even when whole economies suffered significant losses over the last few years, tourism was able to maintain its continuous growth, which is expected to increase further according to UNWTO Organization (UNWTO Tourism Towards 2030). At a global level, the tourism sector in Europe has always played an important role.

Most recent sector indicators of 2013 show a healthy increase in all global tourism regions. In Europe, the number of visiting tourists increased by 3.6% in 2012 and is expected to grow by an additional 3.7% in 2013. While in Western and Northern-European countries, one can expect less robust figures, the Central-Eastern European region is growing by a significant 7.9%.

The overall good health and growth in the European tourism sector has also had a beneficial effect on the Hungarian tourism industry, which was also supported by the good performance of existing commercial accommodation facilities. Hotels played an important part in this progress with a 76.7% contribution to the total tourism nights spent in the country.

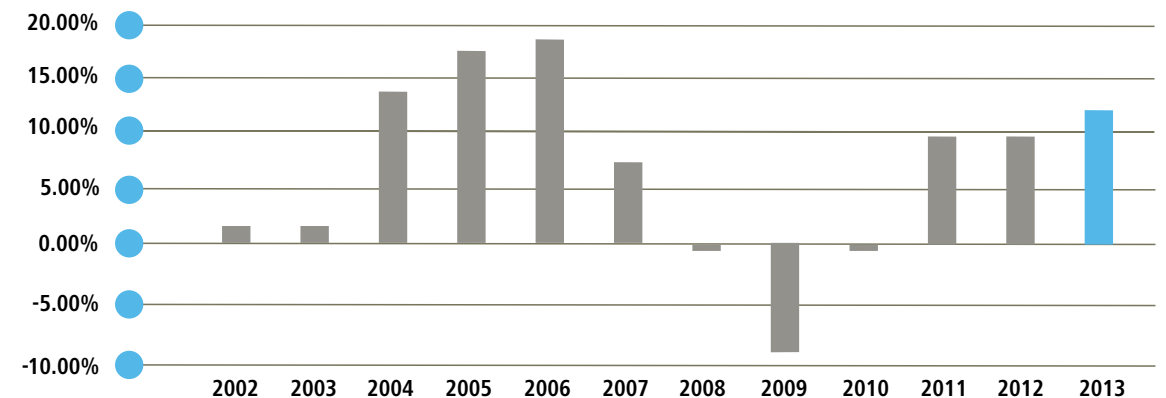
In Hungary, occupancy rate in the hotel segment increased at a greater rate (+4.4%) than the European (+0.1%) or even the Eastern-European (+2.7%) average. It was 4-star hotels that showed the strongest figures, with a robust 17.1% increase in nights spent. In the 5-star category the growth was lower (5.5%), but still impressive (Hungarian Central Statistical Office, 2012). The most recent data for January to September 2013 (Hungarian Central Statistical Office, 2013), shows a further 4.4% increase in total tourism nights spent and an overall

increase of 10.4% with regard to accumulated commercial accommodation revenues. In 2012, it was medicinally related hotels that showed the highest occupancy rates within the sector with 57.6% compared to an average 47.8% occupancy rate performed by other types of accommodation facilities.

In 2012, the number of foreign visitors increased by 9.2%, which resulted in an 11.0% increase of total nights spent in Hungarian hotels. This was an above average growth compared to total tourism related accommodation figures. The strongest increase was among 4-star hotels (+18.1%), but there was an increase among the 3-star and the 5-star hotel segments as well (+6.6% and +6.7% respectively).

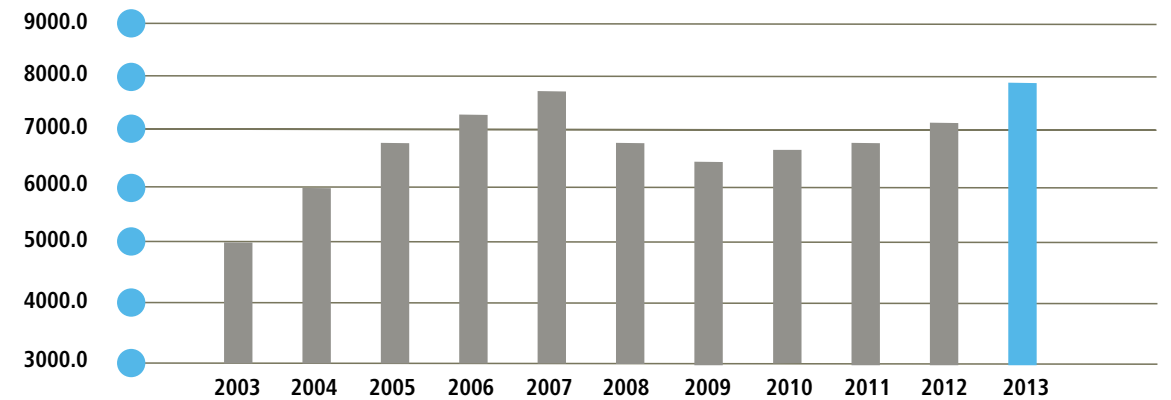
The highest average daily rates (ADR) were seen in the 5-star (HUF 32,620 / EUR 109), 4-star (HUF 14,516 / EUR 48), wellness (HUF 15,609 / EUR 52) and medical (HUF 13,629 / EUR 45) hotel segments.

Chart 1. Annual growth rates of hotel revenues in Hungary





● Chart 2. Average REVPAR in HUF



Health and medical tourism is one of the strongest sub-sectors of the Hungarian tourism industry, which is popular not only with foreign visitors but also with native tourists. This is also helped by the international recognition and significance the sector has been receiving. Consequently, Hungary is considered to be the fifth strongest health and medical destination in the world following Japan, Iceland, Italy and France. This is mainly because of Hungary's excellent geographical location, the outstanding quality of thermal waters and abundant geothermal resources. Nowadays, there are 137 cities and towns involved in some way in health and medical tourism and 14 of them have medical class rating. At the same time, Hungary has 77 qualified baths, more than 30 medical hotels and 113 wellness and spa hotels.

According to research carried out by the Hungarian Central Statistical Office, health and medical tourism (including spa and wellness) is among the three main reasons for visiting Hungary. The sector is characterised by longer stays, higher average spending rates, higher customer loyalty, lower seasonality and a stronger demand for high quality services. Statistical figures also confirm the increasing demand for Hungarian spas and medical hotels: while only 10% of total available rooms can be found in this sector, a significant 24.6% of total visitors stayed in these hotels with a 26% rate of overall tourism nights spent in the country. The popularity of spas and medical hotels are constantly increasing. In 2012, the number of visitors in this segment increased by 10.2% and the number of nights spent grew by 9.6% despite the decreasing number of available accommodation facilities. Gross income related to spas and medical hotels increased by 20.7%. According to recent trends, a further increase is expected in this segment: latest data show a yearly growth rate of 20% in the industry.

Another important feature of the Hungarian tourism industry is the mansion hotel segment. These hotels usually offer a wide range of leisure activities with a strong focus on recreational, medical and spa services. In 2012, approximately 87,000 tourists visited the mansion hotels of Hungary with an overall 193,000 nights spent and HUF 1.419 billion (EUR 4.7 million) revenue generated. Although the mansion hotel segment is significantly lagging behind spas and the 5-star hotel segment, we expect a brighter future for them compared to other segments deriving from a stronger relative increase in demand.

WHY INVEST?

- According to the forecast of the World Health Organisation, health and medical tourism will become one of the leading sectors of the world economy by 2022.
- Hungary is considered the fifth strongest health and medical destination in the world due to its excellent geographical location, outstanding quality of thermal waters and abundant geothermal resources.
- Hévíz is one of the world's best-known spa destinations.
- Availability of highly skilled experts (e.g. physicians and doctors) improves the profitability and lowers the risk of medical tourism investments.
- Mansion hotel segment has an impressive growth potential.

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Premium Health Park Kapuvár



BASIC PROJECT DATA

SHORT DESCRIPTION

Construction and operation of two hotels (a 5-star hotel with 200 rooms and a 4-star hotel with 200 rooms), a 50-apartment medical village and a complex therapeutic and spa centre. Total development area is 500,000 m²

Funding requirement

63 M EUR

Sector	Tourism (medical)
Project owner	Kaputherm Ltd
Location	Kapuvár is located 15 km from the Austrian border, 100 km from Vienna and 170 km from Budapest. It is an internationally well-known location for vascular patients due to its unique carbon-dioxide baths and medical services.
Implementation period	24 months
Investment offer	90% of the company through capital increase amounting to 63 million EUR

I. PROJECT BACKGROUND

Short background

The project company was set up by private investors and is supported by the local municipality in a written agreement. This provides a safe business environment for the potential investor from legal aspects and ensures an efficient and pro-active support to the investment.

General background of the management

The management of the project have a wide range of experience with local and international projects. Mr Sándor Kiss-Mihály, CEO is a well-known and respected local opinion leader, which helps public relations and good contacts with the municipality. Mr György Sztranyák was senior engineer at the construction of the National Health Centre in Baku, Azerbaijan and also worked on construction projects in Dubai. Dr Károly Salamon was chairman and CEO of Allianz Hungária, the largest insurance company in Hungary. Currently he is chairman and CEO of the insurance company of the MKB Bank Group.

II. PROJECT DESCRIPTION

The aim of the project is to develop a "health park" in Kapuvár including a 5-star and a 4-star hotel, a medical bath and an apartment complex with 50 units. Each hotel consists of 200 rooms and all buildings and facilities are located within a 50 hectare area.

The Premium Health Park provides unique services such as medical water treatments, carbonic acid gas bath therapy, hydrotherapy, electrotherapy and other local special therapies along with auxiliary medical activities. The successful operation and overbooked carbon-dioxide treatments at the Angiological Department of Kapuvár Hospital and Clinic show that Kapuvár is internationally known among vascular patients.

Besides the recreational and wellness services, the Health Park offers different sports activities (such as horse riding, tennis and swimming) and facilities suitable for conferences and cultural events.

WHY INVEST?

- Kapuvár has wide international recognition in curing vascular diseases. The "Miracle of Kapuvár" reflects the reputation deserved by the Kapuvár Hospital with the use of carbon-dioxide bath therapy and carbonic acid snow to treat circulation and respiratory diseases. Over past decades, nearly 30,000 patients were treated and healed with the therapy, which is also acknowledged by the Hungarian Cardiology Institute.
- According to the forecast of the World Health Organisation, health and medical tourism will become one of the leading sectors of the world economy by 2022. Hungary is considered to be the fifth strongest health and medical destination in the world due to its excellent geographical location, outstanding quality of thermal waters and abundant geothermal resources.

Competitive advantages

Carbon-dioxide baths have a centuries old tradition, which goes back even to Roman times. Kapuvár is an internationally known medical centre among vascular patients who are willing to stay for even 2 to 3 weeks to receive a full therapy. The state-owned Kapuvár Hospital provides the skills and expertise necessary for these unique therapies. Capacities at the Kapuvár Hospital are not sufficient to satisfy the increasing demand leading to constant overbooking. There are no similar investments known in the surrounding area that would be able to offer high quality accommodation and carbon-dioxide treatment in one place.

Demand for these medical services is accelerating both from the domestic market and from the neighbouring countries. The demand for medical therapies surpasses the capacity of hospitals. Geothermal treasures provide a unique basis for medical tourism.

Property rights, licenses and certifications

Licenses related to the utilization of thermal water and the carbonic acid gas bath therapy used at the local hospital are held by the project company.

Current position in the market

The project is a green field investment opportunity, which aims to be an internationally recognized spa and medical centre themed around the certified cardiovascular healing effects of carbon dioxide baths and therapy.

Target groups

Patients with arterial diseases. There are approximately 400,000 vascular patients in Hungary, 60 to 70 million in Europe and tens of millions globally. Demand for artery disease treatments is ever increasing from all social groups including elderly people from developed countries who are looking for premium services and accommodation when booking a treatment.

Key strategic partners

The municipality of Kapuvár provides the project company with essential support ensuring the local regulatory background, and is committed to the developments targeting health care and tourism. State-owned Kapuvár hospital provides the skills and expertise for the unique therapies. The workforce is planned to be recruited from the medical staff of the hospital.

Short market description and main competitors

The main competitors are the thermal hotels of Budapest, Hévíz, Bük and Sárovar.

Location	Budapest	Hévíz	Other
5-star thermal hotels	Aquincum Hotel Budapest Danubius Hotel Gellért	Lotus Therme Hotel	
4-star thermal hotels	Danubius Health Spa Resort Helia Danubius Health Spa Resort Margitsziget	Danubius Health Spa Resort Aqua Danubius Thermal Hotel Hévíz	Greenfield Hotel Golf & Spa, Bükfürdő Danubius Health Spa Resort, Sárovar Danubius Thermal and Sport Hotel, Bükfürdő Hunguest Hotel Répce Gold, Bükfürdő

III. FINANCIAL INDICATORS

Assumptions and main indicators

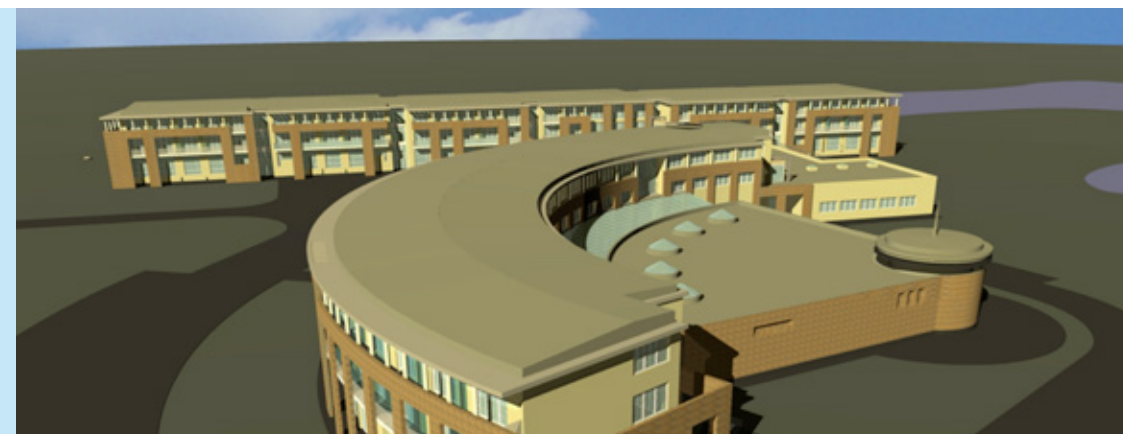
All figures in EUR	year 1	year 2	year 3	year 4	year 5
Number of rooms					
5-star hotel	200	200	200	200	200
4-star hotel	200	200	200	200	200
Average Daily Rate (ADR)					
5-star hotel	110.9	110.9	110.9	110.9	110.9
4-star hotel	87.2	87.2	87.2	87.2	87.2
Occupancy					
5-star hotel	40.0%	45.0%	50.0%	55.0%	60.0%
4-star hotel	40.0%	45.0%	50.0%	55.0%	60.0%
Revenue per available rooms (RevPAR)					
5-star hotel	44.4	49.9	55.5	61.0	66.5
4-star hotel	34.9	39.2	43.6	48.0	52.3
Revenue from hotels in total revenues	60.1%	66.6%	73.9%	73.9%	73.9%

Quantitative and Qualitative Indicators

All figures in EUR	year 1	year 2	year 3	year 4	year 5
Sales	11,675,869	11,856,270	11,870,003	13,050,404	14,230,804
EBITDA	7,606,439	7,551,760	7,430,415	8,475,737	9,521,058
After tax operating cash flow	6,738,515	6,692,585	6,590,655	7,468,725	8,346,795

IV. INVESTMENT OFFER

Required amount of investment	63 million EUR
Form of investment	90% of the company through capital increase amounting to 63 million EUR



FURTHER INFORMATION

For more information, business plans and contacts to the projects owners, please get in touch with our team:

hip@hita.hu

Zala Springs Resort



BASIC PROJECT DATA

SHORT DESCRIPTION

The project is a complex development programme consisting of various facilities. A new luxury 5-star hotel with a spa, villas, apartments, and the first RTJ II golf course in Central-Eastern Europe to comply with the highest international standards, will all be constructed in Zalacsány. The project owner has already started part of the investment and seeks investors only for the implementation of the luxury hotel and the spa.

Funding requirement

63 M EUR
(hotel and spa facilities)

Sector Project owner

Tourism (wellness, recreation)
SGHBIRDIE Ltd

Location

Zalacsány is 200 km, about a two hour drive from Budapest and 200 km or three hours driving from Vienna. The Resort is only 15 minutes from the international Hévíz–Balaton Airport, 7 minutes from Hévíz and a 15 minute drive from Lake Balaton. It is located in the centre of a famous wine and thermal region.

Implementation period

18 months

Investment offer

The project owner seeks an investor solely for the hotel and spa elements where 100% of the hotel and spa will become the investor's property.

I. PROJECT BACKGROUND

The project was conceived and initiated by an Irish consortium in 2005. The investment reached its initial phase but the investors halted the project due to the economic crisis. The 160-hectare project site was purchased by the current project owner in 2013. In March 2013, the development restarted. The 9-hole golf course will open in March 2014, while the 18-hole championship RTJ Jr. golf course will be completed in May 2015.

General background of the management

Mr Gábor Széles is one of the best-known and acknowledged businessmen in Hungary. He holds the position of being the 5th wealthiest person in Hungary. His major enterprises include Ikarus bus manufacturing and the electronics company Videoton Holding Zrt. His media portfolio includes a daily newspaper and a nation-wide TV channel. Mr Széles was Chairman of the National Association of Manufacturers for 18 years.



II. PROJECT DESCRIPTION

Zala Springs Resort will be a unique destination with golf, hotel and spa elements, since it is expected to be the only one in Central-Eastern Europe that complies with the highest standards required to host international golf tournaments. It is expected to raise demand among golf lovers not only from Hungary, but also from the international golf community. International golf tournaments are expected to be organized here from 2016. Zala Springs Resort is strategically located close to the thermal spring and wine tourist region around Lake Balaton, which will make it a popular tourism destination.

The hotel and spa development is part of a complex project consisting of the following facilities:

- a 5-star luxury hotel and a separate spa building
- renovation of two operating mansion hotels with thermal water
- residential apartments and villas for sale
- an 18-hole Robert Trent Jones Junior golf course

The project owner seeks investors only for the hotel and spa project element. The hotel is planned to have an interior space of 12,000 m² and 200 rooms. The spa is planned to be 6,000 m² with a total capacity of 800 persons per day. It is the investor who will build the 5-star luxury hotel and the spa with the option to develop his own design and concept after obtaining preliminary approval from the project owner.

WHY INVEST?

Zala Springs Resort will be a unique spa and golf complex with an exclusive golf course designed by Robert Trent Jones II. It is also strategically located close to Lake Balaton and surrounded by a popular thermal and wine region. The project will strengthen the image of Hungary to become an internationally acclaimed "Paradise of Thermal Springs". The exceptional golf and spa theme with the 5-star luxury hotel and the villas will make this project a remarkable location among Central-Eastern Europe spa and golf tourism destinations. The complex will be situated on 160 hectares surrounded by a beautiful natural landscape.

Competitive advantages

Zala Springs Resort will be located in the wellness region of Hungary with excellent amenities and luxury services. There is a high demand for quality services not just from international but also from domestic tourists. The golf course will satisfy international standards thus it will welcome large international gold tournaments. A few additional advantages are as follows:

- proximity to an international airport (Hévíz–Balaton Airport)
- proximity to the spa town of Hévíz and also Lake Balaton, one of the most popular domestic tourist destinations in Hungary
- the Zala Springs product concept, which aims to deliver international 5-star standards
- diversity of activities to be provided at Zala Springs will attract visitors from various target markets
- the presence of international brands (i.e. the international golf course developer brand Robert Trent Jones Jr.)

Property rights, licenses and certifications

160-hectare project site is the property of the project owner.

Current position in the market

The project is a green field development, which aims to be the highest standard golf course in Hungary with an exceptional luxury hotel and spa.

Target groups

Wellness, spa and golf lovers, business travellers. After Budapest, the Balaton region is the second most visited tourism destination in Hungary, generating approximately 4.4 million guest nights annually with a 46% ratio of domestic visitors. Tourists from the key golfing nations, namely Germany and Austria, are the primary markets for the Balaton and are directly connected to the region by air. The Russian market is increasing, while further opportunities to attract visitors from Scandinavian countries (also golfing countries) are being explored.

Short market description, main competitors

According to current market trends, there is an increasingly strong demand for 4 and 5-star hotels in Hungary. The highest average daily rates (ADR) experienced in the 5-star luxury hotel segment were EUR 109 in 2012, which is expected to grow further in the coming years. Gross income related to spas and medical hotels have also increased by 20.7% in the same year. In order to reduce seasonality in the golf and sport tourist segment, Zala Springs Resort intends to enter the Meetings, Incentive, Conference and Exhibitions (MICE) market combined with the spa and medical tourism segment. The MICE market in Hungary is rather large with approximately 28,000 conference related events each year.

The hotel complex with its state of the art and unique amenities and golf course will be unmatched in the Eastern European region and targets mainly international tourists. The region of Zala is famous for its springs and bathing culture but lacks the complex services to be offered by Zala Springs Resort. The main competitors, therefore, are only the thermal hotels of Budapest, Hévíz, Bük and Sárvár.



III. FINANCIAL INDICATORS

Assumptions and main indicators

All figures in EUR	year 1	year 2	year 3	year 4	year 5
Number of rooms	200	200	200	200	200
Average Daily Rate (ADR)	220	220	220	220	220
Occupancy	30%	40%	45%	55%	55%
Revenue per available rooms (RevPAR)	66	88	99	121	121
Revenue from hotels in total revenues	69.14%	69.14%	69.14%	69.14%	69.14%

Quantitative and qualitative indicators

All figures in EUR	Quantitative indicators				
	year 1	year 2	year 3	year 4	year 5
Sales	10,452,273	13,936,364	15,678,409	19,162,500	19,162,500
EBITDA	3,174,505	4,232,673	4,761,757	5,819,925	5,819,925
After tax operating cash flow	3,034,054	3,938,645	4,383,076	5,271,937	5,271,937

IV. INVESTMENT OFFER

Required amount of investment	63 million EUR
Form of investment	100% of the hotel and spa



FURTHER INFORMATION

For more information, business plans and contacts to the projects owners, please get in touch with our team:

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Hungarian mansion hotel chain



BASIC PROJECT DATA

SHORT DESCRIPTION

Construction and operation of two 5-star mansion hotels with 100+ rooms each. Each of the luxury hotels will offer exceptional spa and medical services with a hint of a historical romance.

Funding requirement

57.8 M

 EUR

Sector

Tourism (medical)

Project owner

Pannon Kastélyhasznosító Ltd

Location

Two different locations:
Hőgyész is 160 km, which is a two hour drive from Budapest and Szabadkígyós which is 260 km and a three hour drive.

Implementation period

24 to 36 months

Investment offer

90% of the company shares through capital increase amounting to 57.8 million EUR

I. PROJECT BACKGROUND

Short background

The company was founded in 2004 with the aim of implementing the mansion hotels & thermal bath concept. In Hungary, there only a few operating mansion hotels, although from the aristocratic ages there remain some excellent castles and mansions waiting to be opened for the increasing demand for high quality hotels and services. The company aims to open a chain of luxury mansion hotels with the same concept of luxury, exceptional spa and medical services, and a hint of the romantic history of old aristocratic times.

Organisation

Mr László Piros CEO, economist
Mr Gergely Nagy, director, architect
Mr József Kenéz, director, architect and economist
Mr Károly Örsi, director, landscape architect

General background of the management

The management of the project participated in the renovation of the Hőgyész Apponyi Mansion in



2004. Mr Piros is an experienced businessman who saw a great opportunity in saving the Apponyi Mansion from further degradation. He turned it into a 4-star hotel complex, which subsequently received very positive reviews from its visitors. He was CEO of the Apponyi Mansion from 1999 to 2004. Mr Piros and Mr Örsi are members of the Hungarian National Committee of ICOMOS (International Council on Monuments and Sites), which is a professional association that works for the conservation and protection of cultural heritages around the world. Mr Nagy was awarded the Károly Kós award for his excellent work at the Apponyi Mansion.

II. PROJECT DESCRIPTION

The investment offer includes the development and operation of two luxury mansion hotels. While the hotels will be unique in style and will keep their cultural heritage, they will share the same concept of providing state of the art services combined with premium spa and medical treatments. The concept is unique since both castles are truly spectacular buildings with a hint of history and romance.

WHY INVEST?

Castle and mansion hotels are sought-after tourist destinations among wealthier travellers all around the world. This is because of the absolutely luxurious lifestyle they provide, the exceptional amenities such as medical services and spa experience and last but not least, the splendour and aristocratic history of old times. The mansion hotels involved in this project will be unique in Hungary and respond to the growing international demand for such accommodation. The exclusivity and privacy of these hotels attract visitors from all segments such as international long-stay visitors, business travellers and people who would like to participate in exclusive medical treatments in privacy and luxury. The buildings and the surroundings of both the Apponyi Mansion and the Wenckheim Castle show great potential to become internationally recognized spa and medical tourism destinations.

Competitive advantages

The planned hotels will offer premium spa and medical services with luxury accommodation and amenities. There are a few already operating mansion hotels in Hungary, whereas there are several historical buildings keeping remarkable historical heritage within their walls. These mansion hotels will offer romance, lifestyle and history, complemented with spa and medical services in the same premises.

Property rights, licenses and certifications

Both of the mansions will need to be purchased and renovated, while two new buildings will need to be constructed to accommodate further rooms and a spa. The project owner has the necessary agreements to acquire the mansion. Further construction permits will be obtained when the final construction plans are submitted for approval.

Current position in the market

Mansion Hotel Apponyi at Hőgyész currently operates with low occupancy and profitability figures. As part of the investment, the hotel will be acquired and reconstructed to be a 5-star luxury mansion with excellent spa and medical services. The Wenckheim mansion at Szabadkígyós is not functional and waits to be completely reconstructed for operation.

Target groups

Visitors seeking rehabilitation, wellness and spa lovers and business travellers.

Short market description and main competitors

There has been a relatively stronger increase with regard to the total number of visitors and tourism nights for the mansion hotel segment compared to the 5-star hotel segment. In 2012, approximately 87,000 visitors stayed at mansion hotels in Hungary with a total of 193,000 guest nights. The total revenue of mansion hotels amounted to 1.419 billion HUF. In the segment, there is no real competition, since only a few mansion hotels operate in the country, generally with lower average daily rates, low occupancy and weak profitability. A unique 5-star mansion hotel chain could well satisfy an increasing demand for high quality services provided in this sector.

Assumptions and main indicators

All figures in EUR	year 1	year 2	year 3	year 4	year 5
Number of rooms	60	243	243	243	243
Average Daily Rate (ADR)	80	80	100	120	120
Occupancy	40%	40%	65%	75%	80%
Revenue per available rooms (RevPAR)	32	32	65	90	96
Revenue from hotels in total revenues	95%	95%	95%	95%	96%

Quantitative and qualitative indicators

all figures in EUR	Quantitative indicators				
	year 1	year 2	year 3	year 4	year 5
Sales	1,462,907	6,147,519	12,352,960	17,001,021	18,116,556
EBITDA	-523,217	1,328,293	5,872,785	9,281,394	10,099,460
After tax operating cash flow	-523,217	1,328,293	5,760,579	8,391,299	9,078,475



III. INVESTMENT OFFER

Required amount of investment	57.8 million EUR
Form of investment	90% of the company shares through capital increase amounting to EUR 57.8 million



FURTHER INFORMATION

For more information, business plans and contacts to the projects owners, please get in touch with our team:

hip@hita.hu

Hotel Arboretum



BASIC PROJECT DATA

SHORT DESCRIPTION

Construction and operation of a 214-room 5-star hotel and 60 apartments with an exclusive medical and spa complex, sports and recreational facilities, a live casino and a 6-hole golf course. An ideal location for business purposes with a conference hall accommodating 760 guests.

Funding requirement

42 M

EUR

Sector	Tourism (medical)
Project owner	Arbo Invest Ltd.
Location	Debrecen is located 102 km from Satu Mare (RO), 194 km from Kosice (SK), 154 km from Uzhgorod (UKR) and 237 km from Budapest (HU).
Implementation period	18 months
Investment offer	85% of the company through capital increase amounting to 42 million EUR.
Overall budget of the project	54 million EUR

I. PROJECT BACKGROUND

Short background

Arbo Invest is a project company dedicated solely to successfully implement the Hotel Arboretum investment project.

Organisation

- o Nóra Tanka-Pocsai, project owner
- o Levente Nagy, project manager
- o István Ceglédi, technical director
- o József Attila Pocsai, expert

General background of the management (including partner companies and relations)

Management has over 10 years of experience in developing and implementing various tourism development projects. Mr Ceglédi is a well-known and acknowledged expert with huge experience in building and operating large construction projects. His references include Arbo



Ranch, Hotel Balmaz****, Stop Shop Shopping Park, Fontana Restaurant and Leisure Park and Erdőspuszta Club Hotel****. Management members all have the necessary marketing, sales and international background to bring the project to a successful conclusion.

II. PROJECT DESCRIPTION

Hotel Arboretum aims to offer multiple recreational, medical and spa services along with various sports and entertainment facilities to its visitors. The hotel includes 214 rooms and 60 apartments, a conference hall accommodating up to 760 guests, a spa and aqua park, a sports centre equipped with a bowling alley, a squash court, a golf simulator and a golf course for trainees plus a live casino. As part of the project, Hotel Arboretum was awarded a non-refundable grant to build a geothermic energy system, which will reduce the expected energy costs of the complex by approximately 60 to 70%.

WHY INVEST?

Hotel Arboretum will be a luxurious spa, sports and entertainment hotel complex. The planned facilities and services are in line with the current trends showing a growing demand for premium medical, recreational and spa tourism. Demand for good quality and exclusive 5-star hotels is rapidly growing in Hungary. Hotel Arboretum will be a spectacular complex with an easy to reach location not only from Hungary, but also from the neighbouring countries. Tourists are expected to come from Romania, Slovenia, the Ukraine and Russia with a quick transfer from Debrecen international airport. The casino, spa and conference complex will attract many of the wealthier traveller segments including recreation tourists, business travellers and high spending gambling tourists.

Competitive advantages

The complex offers excellent spa and medical services, it is also ideal for sports lovers, business travellers, families and tourists requiring premium services. The complex has a promising development potential as the currently planned 9-hole golf course has the potential to be further developed into an 18-hole golf course, making the complex an ideal place to host professional golf tournaments. Debrecen International Airport lies close to the hotel. The site lies on an area rich in valuable quality mineral water resources (certified by balneological surveys), which can also be exploited and bottled for commercial purposes.

Property rights, licenses and certifications

The project has all the necessary building licenses and permits. The planned casino complex is yet to obtain the gambling licence.

○ Current position in the market

The project is a green field investment opportunity that aspires to be a leading luxury hotel in the region with a strong international recognition and tourist base.

○ Target groups

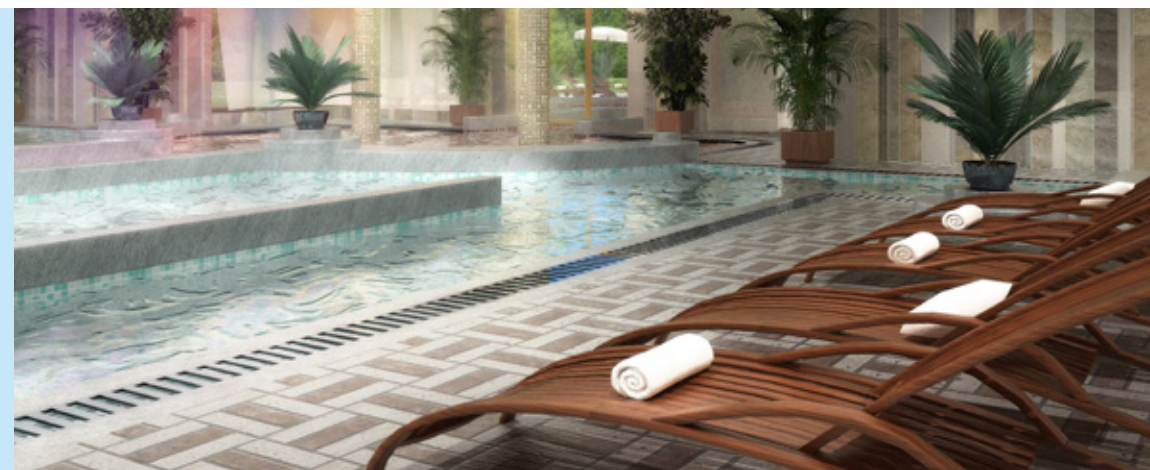
Hotel Arboretum targets spa and medical tourists including elderly people, business travellers, high spending weekend casino getaways, sports lovers and families. Current trends show that there is an increasing demand for premium accommodation and services, while Hungary has a great reputation among international travellers. Debrecen international airport provides easy access for foreign tourists who typically have twice the average spend of domestic guests. The planned casino complex has an enormous revenue generating potential.

○ Short market description and main competitors

Overall growth in the tourism sector in Europe has had a favourable effect on the Hungarian tourism industry. As a consequence, guest nights spent in 5-star hotels increased by a significant 5.5% in 2012. Although there are other 4- and 5-star hotels in the region of Debrecen and Hajdúszoboszló, neither of them offers such complex services to its visitors as Hotel Arboretum. The highest average daily rates (ADR) were experienced in the 5-star luxury hotel segment with EUR 109 in 2012, which is expected to grow further in the coming years. Gross income related to spas and medical hotels have also increased by 20.7% in the same year.

V. INVESTMENT OFFER

Required amount of investment	42 million EUR
Form of investment	85% of the company through capital increase amounting to EUR 42 million.



FURTHER INFORMATION

For more information, business plans and contacts to the projects owners, please get in touch with our team:

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IV. FINANCIAL INDICATORS

Assumptions and main indicators

All figures in EUR	year 1	year 2	year 3	year 4	year 5
Number of rooms					
in the hotel	214	214	214	214	214
in the apartments	60	60	60	60	60
Average Daily Rate (ADR)	102	106	111	115	120
Occupancy	45%	55%	57%	59%	60%
Revenue per available rooms (RevPAR)	46	58	63	68	72
Revenue from hotels in total revenues	82%	81%	80%	80%	79%

Quantitative and qualitative indicators

Quantitative indicators

All figures in EUR	year 1	year 2	year 3	year 4	year 5
Sales	5,029,531	12,544,309	13,733,697	15,005,614	16,033,198
EBITDA	2,638,927	7,177,922	7,926,044	8,687,987	9,267,608
After tax operating cash flow	1,387,038	4,705,938	5,777,345	6,609,935	7,320,858

Saloc International Spa & Golf Resort



BASIC PROJECT DATA

SHORT DESCRIPTION

179 hectares of beautiful undulating land with planning for over 900 units of real estate and a 254 bedroom Hotel. Thermal/Calcium spa with Medical and Wellness Centre plus Golf, Tennis, Riding, Cycling, swimming pools etc.

Funding requirement

20 M EUR

Up to 80% of the company through capital increase

Sector Wellness and Leisure

Project owner Saloc International Kft.

Location Egerszalok – situated 1hr 10 mins northeast of Budapest, within 5 kms of the historic city of Eger and the famous wine growing region of Hungary. Population in excess of 11 million people live within a 3hr drive of the resort.

Implementation period 7 years

Overall budget of the project 120 million EUR



Martin Jensen (as CEO) has development experience in the UK, Romania and the Ukraine and owns other properties in Hungary.

David Hodgson, one of the Saloc directors, has previously worked with the HNTO on Spa and Golf products over the last 10 years and helped to promote Hungary's great Medical footprint. Saloc's partnership with RCi (the Wyndham Group) and International Property investment consultants across the globe will be bringing a unique marketing model which has a proven success worldwide. Two of the Board members also own www.eurobrix.com a successful Central and Eastern European property portal which is translated into 17 different languages. This will be a major source of advertising and PR with over 750 000 visitors a month to the site.

The Resort will consist of a 4 Star, 254 Bedroom Hotel with Calcium Spa and 18 Hole Golf Course with practise range. 900 unit mixed development of Villas, Townhouses and Apartments. The owners seek investors to develop the project and there are also opportunities via our investment platform offering joint venture options on serviced plots, which will provide significant high returns on investment.

Saloc International, although in the final stages of planning, has been selling units off-plan via a unique investment model to a worldwide client base which includes investors from Brazil, Lebanon, Dubai, Saudi, France and China – proving that we can attract a truly international client. With the unique Calcium Thermal Waters, with its known therapeutic qualities, the area is already attracting over 250,000 day visitors per year to the local spas. The owners have achieved the stage where final building permits are ready to be granted, by funding all expenditure to date from own resources and therefore have no bank borrowings.

I. PROJECT BACKGROUND

Company was formed to acquire the land to build a world class Wellness and Leisure resort. Project was conceived by a group of Hungarian and UK developers who saw the potential of utilising the benefits of the Thermal Calcium waters located in Egerszalok to create an international golf and leisure resort. The board of Directors are experienced in development, tourism and leisure with expertise in Sales and Marketing and have dealt with resorts of this kind and therefore able to bring a truly international resort to Hungary.

II. PROJECT DESCRIPTION

WHY INVEST?

Saloc International, with its unique Thermal waters, will create not just a leisure complex but a Medical and Wellness centre – which will be staffed by top professional worldwide consultants – headed by Sheikh Mohammed Dr Sobeh (renowned cardio-vascular surgeon) and Dr Ferenc Tarr, one of the leading Hungarian cardiologists. The aim is to repatriate Hungarian medical personnel with attractive working conditions and remuneration packages.

Competitive advantages

Are emphasised by the uniqueness of the Calcium waters with its proven Therapeutic qualities the ONLY Calcium Thermal waters in Europe located in the wine growing regions of Hungary close to the Baroque City of Eger. The proximity of it seven neighbouring countries, all within several hours drive, emphasises this region as huge tourist attraction.

Property rights, licenses, certifications

179 hectares under option to the Property owners with legally binding contracts which will revert to the Company on granting of final building permits. The project has been adopted by the neighbouring village of Egerszalok with full support from National, Regional and Local government. All utilities and licenses have been confirmed and granted.

Current position in the market – expected share

- Although a green-field site, Saloc has already sold off-plan and proven that the project will attract a world-wide market. The intention is to work with the whole of Hungary – primarily to put Hungary on the international stage which will lead to SALOC becoming a leading Leisure and Wellness resort.

Target groups

- As already proven we have attracted an international market of investors and will attract visitors from Germany, Austria, UK and all surrounding countries.

Short market description, main competitors

- Saloc does not see any other resort in the region as a competitor as we wish to work together with similar projects on joint marketing initiatives to put Hungary in the forefront of the Medical and Wellness/Leisure tourism sector. Income into existing spas in Hungary is currently growing at 20% and because of the Thermal waters this creates a year-round footfall. Saloc will also be attracting the world-wide Conference sector.

Key strategic partners

- Include KPMG financial advisers, EC HARRIS Project Development managers, HVS Operating Advisors and RCi (part of the Wyndham Group) marketing partners.



III. FINANCIAL INDICATORS

Full KPMG feasibility study commissioned plus up to date full 10 year P & L forecasts available upon request.
GDV: 120 million EUR with ROI of 22%

Quantitative Indicators

Revenues	Total revenue of Sales of developable land 61.05 million EUR Costs - Land, Infrastructure, Utilities, Permissions and Permits, architects etc = 19.19 million EUR Net proceeds on residential 41.86 million EUR
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IV. INVESTMENT OFFER

Required amount of investment	20 million EUR
Form of investment	Credit Line

Proposed capital/equity structure: Debenture over Company
Investment schedule: Start date May 2014
Proposed exit policy for investors: via Sales of Real Estate after 5 years

FURTHER INFORMATION

For more information, business plans and contacts to the projects owners, please get in touch with our team:

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Lotus Thermal Hotel and Spa Hévíz



BASIC PROJECT DATA

SHORT DESCRIPTION

Lotus Therme Hotel & Spa has 232 rooms and is the only 5-star hotel in Hévíz. It is a spectacular complex with a thermal spa and a six-hole golf course. Total net interior space is 17,374 m², while total area of the land site is 163,941 m².

Funding requirement available under a confidentiality agreement

Sector	Tourism (medical)
Project owner	Recovery Zrt.
Location	Hévíz is one of the world's best-known and sought-after spa destinations, with Lake Hévíz being the second largest thermal lake in the world. The hotel is located 10 km from Hévíz-Balaton International Airport (Sármellék) and 190 km from Budapest. Lotus Therme Hotel & Spa has a unique location very close to Lake Hévíz and Lake Balaton.
Investment offer	100 percent of the property including buildings and land site.

I. PROJECT BACKGROUND

Short background

Recovery Zrt. was established to take over the ownership and manage real estate assets acquired by CIB Bank.

Organisation

Recovery Zrt. is a 100% subsidiary of CIB Bank Zrt. (Intesa San Paolo Group). Cushman & Wakefield Global Hospitality was appointed to sell the property. Operation of the hotel is currently managed by Accent Hotel Management.

General background of the management

The hotel and spa are currently run by a professional hotel management service provider, Accent Hotel Management, that operates 10 hotels across Hungary. It is optional to take over the hotel with or without the current management.



II. PROJECT DESCRIPTION

Lotus Therme Hotel & Spa**** Hévíz is the only 5-star hotel in Hévíz. It is located just a short walking distance from the world famous thermal bath of Hévíz. The property was built in 1996 followed by a renovation in 2007, thus the hotel is in excellent technical condition. The hotel and spa complex consists of the following facilities:

- a 232-room hotel with a restaurant and two bars
- two conference rooms accommodating up to 120 guests
- a six-hole golf course
- four tennis courts
- a spa with six swimming pools (two of them are thermal water pools) and a jacuzzi
- parking lot with 200 parking spaces

The hotel operates with a strong cash flow, while RevPAR rates are also stabilizing: in 2012, RevPAR increased by 10.5%. There is a great potential in the project since rebranding could strongly increase profitability and performance, while facilities could also be further developed and upgraded to benefit the investor with an increase in value. The hotel might easily be turned into an internationally sought-after destination with proactive asset management and marketing.

WHY INVEST?

Lake Hévíz is one of the best-known thermal lakes in Europe and in the world. Hévíz is the second most popular tourist destination in Hungary with over a million guest nights each year. Lotus Therme Hotel & Spa is the only 5-star luxury hotel in Hévíz. It is a beautiful complex that provides the highest quality services and amenities to its guests including five suites and a presidential suite. The hotel has a luxury beauty spa complex and medical treatments with medical experts. The sports and leisure amenities include golf, tennis and horse-riding.

According to the forecast of the World Health Organisation, health and medical tourism will become one of the leading sectors of the world economy by 2022. Hungary is considered the fifth strongest health and medical destination in the world due to its excellent geographical location, outstanding quality of thermal waters and abundant geothermal resources.

Competitive advantages

Demand for medical services and therapies based on thermal water are accelerating both from the domestic market and from the neighbouring countries. Hévíz is a world-famous thermal bath with Lotus Therme Hotel & Spa as the only luxury 5-star hotel. The demand for high quality services is constantly increasing. In Hévíz, international visitors account for 83% of total arrivals. Approximately 32,000 tourists arrive at Hévíz-Balaton International Airport annually. On average, a tourist spends eight days in Hévíz and spends twice as much as tourists in any other destination in Hungary.

Geothermal treasures provide an outstanding basis for medical tourism. Lotus Therme Hotel & Spa has a unique location near Lake Hévíz, the second largest thermal lake in the world and uses Lake Hévíz's thermal water in two of its pools.

Property rights, licenses and certifications

Recovery Zrt. currently owns 100% of the property.

Current position in the market

Lotus Therme Hotel & Spa***** Hévíz is the only 5-star hotel in Hévíz. The hotel already shows an impressive cash flow, but as to the future, there lies significant potential to reach new segments by smart rebranding, proactive asset management and international marketing activities.

Target groups

Guests coming from Austria, Russia and Germany dominate the visitors of the hotel (31%, 22% and 19% respectively). Domestic visitors account for 17% of all guest nights. International travellers spend twice as much as domestic travellers and have a higher demand for luxury accommodation and services.

Short market description and main competitors

The main competitors are the thermal hotels of Budapest, Hévíz, Bükfürdő and Sárvár.

Location	Budapest	Hévíz	Other
5-star thermal hotels	Aquincum Hotel Budapest Danubius Hotel Gellért		
4-star thermal hotels	Danubius Health Spa Resort Helia Danubius Health Spa Resort Margitsziget	Danubius Health Spa Resort Aqua Danubius Thermal Hotel Hévíz	Greenfield Hotel Golf & Spa, Bükfürdő Danubius Health Spa Resort, Sárvár Danubius Thermal and Sport Hotel, Bükfürdő Hunguest Hotel Répce Gold, Bükfürdő



Quantitative and Qualitative Indicators

Assumptions and main indicators

Information is available directly from the project owner under a confidentiality agreement.

Quantitative and qualitative indicators

Information is available directly from the project owner under a confidentiality agreement.

III. INVESTMENT OFFER

100 percent of the property including buildings and land site.



FURTHER INFORMATION

For more information, business plans and contacts to the projects owners, please get in touch with our team:

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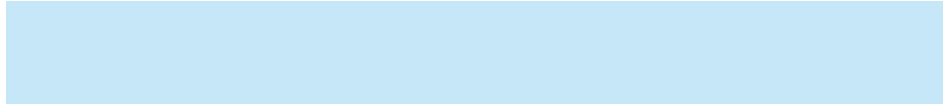


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