Pursuant to Article 6 of the Conclusion issued by the Varaždin City Council, CLASS: 343-01/15-01/1, REF. NO.: 2186/01-02-15-2 of 12th March 2015 ('County of Varaždin Official Journal' No. 1/15), the Varaždin City Mayor hereby issues

A PUBLIC INVITATION TO SUBMIT AN EXPRESSION OF INTEREST

IN THE 'VARAŽDIN AIRPORT MANAGEMENT AND DEVELOPMENT PROJECT'

SUBJECT OF INVITATION

The subject of this Invitation is an expression of interest through submission of a written Letter of Intent including a conceptual design / programme or a Varaždin Airport Business Management and Development Plan for the period of next 50 years.

A conceptual design / programme or the Business Plan should propose a method of development and management of the Airport's property, which are 100% owned by the City of Varaždin.

The Airport is a traffic structure of significant importance, not only for the City of Varaždin but also for wider region, and within its area of governmental influence the City of Varaždin performs tasks related to traffic and traffic infrastructure in order to provide better use of the traffic infrastructure and ensure the development of air traffic within the region.

The property which is the subject matter of this Invitation is owned by the City of Varaždin, located within the fenced area of Varaždin Airport and listed in the attached documents (schedules).

The right to use and adapt the existing facilities which have been built on brown field sites, and to construct new facilities any potential investor shall be subject to the preliminary:

- Conclusion of a Property Lease Agreement for a period of 50 years
- Conclusion of an Agreement on Establishment of the Right to Build

METHODS OF EXPRESSION OF INTEREST

An expression of interest shall be evidenced by the submission of a Letter of Intent which shall include the following as mandatory:

- 1. The Letter of Intent should include the applicant's trade name and general details (Title, Seat, Activity...), information about a contact person (Name and Surname, Title, Address, Telephone and E-mail) and the following schedules:
- 1.1. An extract from a court or other applicable body dealing with the registry of legal entities or, in case of individuals, a photocopy of an identification document (a photocopy of an identity card or a passport),
- 1.2. A declaration confirming that the Letter of Intent's applicant is not a party undergoing any process of liquidation, bankruptcy or other proceedings that could lead to the interruption of the company's business, including insolvency,
- 1.3. The most recent unconsolidated and, where available, consolidated financial statement.

- 2. General details of any potential partners participating in implementation of the Project (Title, Seat, Activity, etc.)
- 3. A conceptual design / programme or the Project Implementation Business Plan, including:
- 3.1. Drafts depicting the planned facilities to be built in the area, including already existing facilities

Facilities - as required,

- 3.2. A text summary of the planned buildings and facilities to be built within the area,
- 3.3. The basic parameters of facilities and amenities,
- 3.4. The required number and structure of employees needed for the management and implementation of the Project,
- 3.5. A framework investment plan planned investment value,
- 3.6. An investment time schedule,
- 3.7. The estimated start date.

PUBLIC INVITATION REQUIREMENTS

The Letter of Intent stating an expression of interest can be submitted by Croatian and foreign legal entities and individuals, in written form, in the Croatian language, with all schedules also in the Croatian language or as certified translations into the Croatian language, and this expression of interest should be sent, in a sealed envelope, to the following address:

GRAD VARAŽDIN

Upravni Odjel za komunalni sustav i urbanizam, designated as 'Za projekt UPRAVLJANJE I RAZVOJ VARAŽDINSKOG AERODROMA' Trg slobode 12/II

17g slobode 12/11 42 000 Varaždin Croatia

and bearing the warning 'NE OTVARATI!' ('DO NOT OPEN!').

The Letter of Intent stating an expression of interest can be jointly submitted by two or more interested investors. In this case, details of the identification documents of each investor should also be attached as schedules.

The deadline for submitting the Letter of Intent is 5th June 2015.

SPECIAL NOTES

The announcement of this Public Invitation or the receipt of any written letter of intent shall not constitute any obligation on the part of the City of Varaždin to conclude any Agreement on Establishment of the Right to Build or a Property Lease Agreement with any interested investor(s), nor can it be considered the basis of any claim or right for the applicant submitting the Letter of Intent to seek any form of commitment on any grounds from the City of Varaždin.

After the announcement of this invitation for an expression of interest the City of Varaždin reserves the right to terminate, at any time, the proceedings initiated by this invitation or modify the conditions of the same, and such decision shall be at its own discretion

Applicants submitting Letters of Intent stating an expression of interest shall not be entitled to reimbursement of any costs incurred during preparation of the Letter of Intent, the conceptual design and / or a business plan or obtaining the required documentation.

The City of Varaždin shall not be obligated to invite interested investors to submit legally binding offers nor shall it be obliged to sign an Agreement on the Establishment of the Right to Build or a Property Lease Agreement conferring construction rights to any of the interested investors. Interested investors shall not be entitled to claim damages from the City of Varaždin on any grounds.

NOTES

This Invitation shall be subject to legislation of the Republic of Croatia.

All information received will be treated in accordance with all applicable legal provisions in order to protect the rights and privacy of interested parties.

Upon completed processing of the received Letters of Intent, the City of Varaždin can make a shortlist of acceptable conceptual designs / projects and business plans and initiate a public invitation for the submission of binding offers.

To facilitate preparation of Letters of Intent as required by the potential Bidders, the following has been created:

- A list of plots owned by the City of Varaždin, which comprise the majority area of the Airport
- An Excerpt from the Decision on the Amendments to the City of Varaždin Master Plan ('City of Varaždin Official Journal' No. 13/14)
- Information about Varaždin Airport

Interested investors can request this documentation via an e-mail sent to: andrejana.santek@varazdin.hr. Additional information about Varaždin Airport can also be obtained from the Administrative Department for Public Utilities and Urban Planning at +385 42/ 201 427 and the City of Varaždin website: http://www.varazdin.hr/airport/

Varaždin, 20. April 2015.

City of Varaždin





Administrative Department for the Communal System and Urbanisation

CLASS: NUMBER:

Varaždin, 1 October 2014

Introduction

Position of the Airport with regard to the Varaždin County and the Wider Region; Potential

The City of Varaždin is situated in North-Western Croatia, on the right bank of the river Drava, about 80 km far from Zagreb, in the lowland area at the altitude of about 166 m, covering a surface of 59.45 km².

Položaj- 30 min drive time - Ivanec, Prelog (Hr), Slovenia border

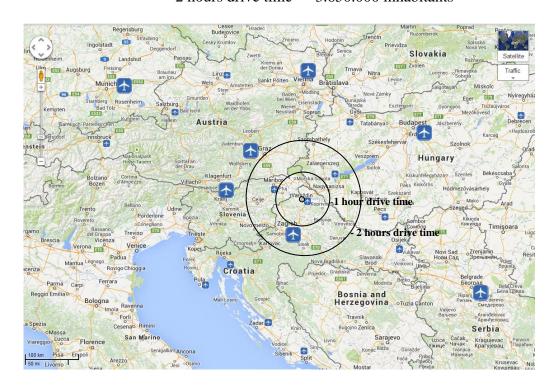
- 1 hour drive time - Zagreb, Koprivnica, Trakošćan (Hr), Ptuj (Slo)

- 2 hours drive time - Karlovac, Virovitica, Bjelovar (Hr), Graz (A),

Celje (Slo), Balaton (Hun)

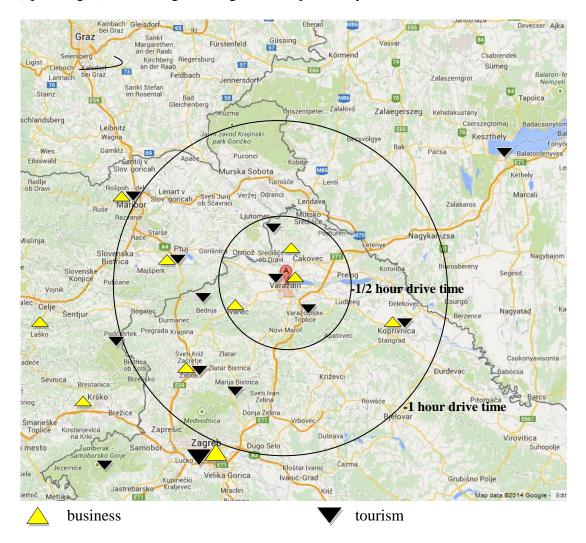
Catchment area - 30 min drive time - 280.000 inhabitants

- 1 hour drive time -1.700.000 inhabitants -2 hours drive time -3.650.000 inhabitants



The Varaždin County encompasses 6 towns and 22 municipalities, with Varaždin as its centre. Due to its geotraffic, economic, cultural and historic significance, the Western part of the Koprivnica-Križevci County, the Northern part of the Krapina-Zagorje County as well as the Međimurje County gravitate towards it.

Accordingly, the Varaždin Airport is a traffic facility of importance not only for the City of Varaždin but also for the wider region, with the aim of long-term development of the economy and tourism since in the immediate vicinity of Varaždin there are some major business zones such as the one in Trnovec, Kneginec, Jalžabet, Ivanec etc., as well as the tourist destinations Varaždinske Toplice (health tourism) and Sv. Martin na Muri (spa and golf) in the neighbouring Međimurje County.



The airport is located in the Eastern part of the City of Varaždin South of the D2 state road and North of the R202 Varaždin-Koprivnica railroad; it is surrounded by towns from three sides.

In 2009 it was fenced; within the fence it encompasses a surface of approximately 35.37 ha, of which only about 1 ha is in private ownership, whereas all the rest is owned by the City of Varaždin and Varaždin Airport d.o.o. Outside of the fence, in the immediate vicinity of the airport and owned by Varaždin Airport d.o.o., there are several plots of a total surface of 24.7 ha.

The Existing Condition of the Airport's Infrastructure

The airport's infrastructure consists of a runway, a traverse taxiway connecting the Northern part of the runway with the apron, the apron, and, in the land part, a hangar for airplanes, the airport's administration building with an office for check-in and registration, a VIP lounge, a room for the border police control and customs and the air traffic control tower, as well as a restaurant and access road with a parking lot. All the facilities are located at the Northern part of the runway, i.e. to the West. The capacity of the runway is apt for commercial airplanes weighing up to do 50 tons. The runway in its length of 1,730 m and width of 30 m belongs within the 3C reference code and has a noninstrumental access; it is laid in the 160°-340° direction, i.e. 16-34. The only taxiway in the length of 200 m and of a width of about 30 m has a capacity that meets the needs of the existing air traffic. It is input-output, along the Northern threshold 16, laid at an angle of 50° with regard to the central runway; it connects the runway with the apron of a surface of approximately 2,500 m². The hangar for sports airplanes is of a size of 40 x 15 m and 4-6 m high, while the airport building is of a size of 48 x 10-12 m and 10.5 m high, with an air traffic control tower that is 13 m high. The access road that is about 150 m long is two-way, with one lane in each direction connecting the airport with the Varaždin-Koprivnica state road. At its expanded part there is a parking lot.

Infrastructure u neposrednoj okolini

Road traffic - highway - A4 - Hungary - Zagreb

- state road - D2 - Slovenia - Srbija

- D3 - Hungary - Rijeka

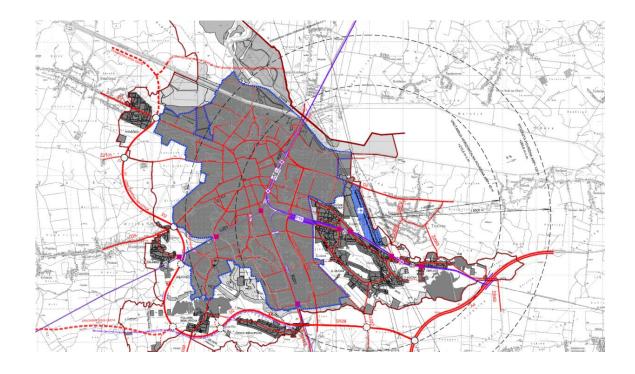
- D35 - Varaždin - Lepoglava

Railroad - regional traffic - Zaprešić - Čakovec

- regional traffic - Varaždin - Koprivnica - Osijek

- technical terminalin business zone (planed)

Customs office - 5 min drive time
Veterinary station - 10 min drive time
Truck parking lot (cca 14.000 m2) - 5 min drive time



The Varaždin Airport within the Framework of Phyiscal Planning Documents:

The air traffic development has been defined on the state level through the PURH Strategy and Programme based on which the Varaždin Airport has the status of a sports airport.

The Physical Plan of the Varaždin County ("Official Gazette of the Varaždin County" number 8/00, 29/06 and 16/09) and accordingly the Physical Development Plan of the City of Varaždin ("Official Gazette of the City of Varaždin" number 2/05), carries the Varaždin Airport under the 2C category.

In 2013 based on the Air Traffic Law ("Official Gazette" number 69/09 and 84/11) and the Ordinance on the conditions to be complied with by an airport operator for the issuing and the manner of issuing an airport certificate and approval for the utilization of an airport ("Official Gazette" number 41/13), the Croatian Civil Aviation Agency has issued a permanent Airport Certificate for the Airport with the 3C Reference Code, non-instrumental access to the airport's operator Varaždin Airport d.o.o. (copy of the certificate attached).

Since the process of adopting Amendments to the Physical Development Plan for the City of Varaždin – hereinafter IiD PPUG, (the adopting of the Plan has been planned for December of this year), based on the Certificate, in the Amendments of the Plan the airport has been planned as an airport of a reference code 3C, non-instrumental access.

During the public debate on IiD PPUG, the Physical Planning Institute of the Varaždin County (creator of the Physical Plan of the Varaždin County) supported that the airport be re-categorised so that the new code number will be entered in the Amendments of the Physical Development Plan of the Varaždin County, the preparations of which are under way.

Development Possibilities pursuant to Varaždin IiD PPUG:

Pursuant to the guidelines of dr.sc. Stanislav Pavlin PhD from the Faculty of Transport and Traffic Sciences of the University of Zagreb, author of the "Varaždin Airport Development Plan", IiD PPUG provides for possibilities to develop the airport and the space around it through a textual part, i.e. Implementation Provisions and a cartographic part.

The airport and the business zone M1:5000 the surfaces of limited barriers are drawn in the map 4.2. Donji Kućan, Kućan Marof and Varaždin – as well as the purpose of the area for the narrow (airport zone) and the wider (business zones) area of the airport covering the following zones:

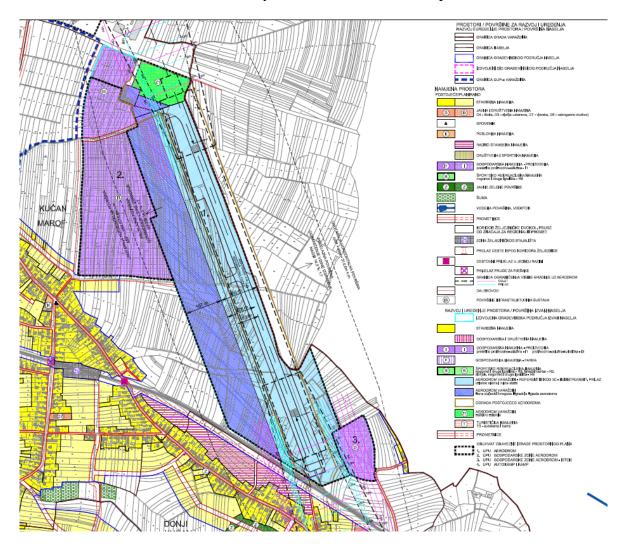
1. Varaždin Airport

- <u>manoeuvre surfaces</u> are comprised of the existing runway and the planned parallel taxiway (a zone of a width of approximately 166 m) and several transverse input-output paths for the taxi ride that will connect the runway with the parallel taxiway, i.e. the apron. The apron has been envisaged along the parallel taxiway (taxi track),
- the zone for the planned airport building construction (content encompassing regular maintenance and servicing of the aircrafts, carrying out of postal and commodity services and the construction of production, warehouse, commercial and other business buildings pursuant to the Urban Development Plan for the entire airport area for which the Plan provides that it must be made);

2. Planned business zones:

- <u>Zone 1</u>, surface of about 26.4 ha (264,000 m²) is situated to the North-West of the airport along the D2 state road; the planned road along its Western edge will connect it to Kućan Marof; production/service/tourist purpose; it is necessary to create the Urban Development Plan

<u>- Zone 2</u>, surface of about 3.65 ha (36,500 m²) is situated to the South-East of the airport, near the planned Trnovec business zone; it has roads connecting it with Donji Kućan and Trnovec; it is necessary to make an Urban Development Plan



ARP height: 165,6 m (543 ft)

ARP coordinates: 46°17'39" N; 16°23'00.50" E

Runaway: 1.730 m x 30m Airport category: 3C non-instrumental

Fire category: cat 1., upon request cat. 2 and 3 Border police: upon request 2 hours in advance

Opening hours: summer 8,00 - 20,00; winter 8,00-16,00

Long-Term Development Goals of the Varaždin Airport:

Long-term development goals have been planned for the Varaždin Airport as a potential centre for the maintenance of aircrafts, a flight school, aero clubs, business air carriers, a year-round airplane hangaring (it is necessary to increase the capacity of the hangar surfaces due to the expressed interest for hangaring in the winter period), the year-round use by private airplane users, to receive and clear passengers of airplanes with the 3C reference code (passenger terminal), to receive and clear cargo (cargo terminal) and the accompanying facilities and content (receipt and clearance of airplanes, rescue and firefighter teams, the air traffic control tower and accompanying facilities, re-fuelling and warehousing, a restaurant, administration...).