

Termal Hotel Mataruška Banja



An Oasis at a Crossroads

Termal Hotel Mataruška Banja

The *TERMAL* Hotel was built in 1974. It was renovated in 1988 and upgraded in 2003. There are 105 rooms in its main section (15 single rooms, 65 double rooms, 20 triple rooms and 5 suites). The hotel's luxury section includes 16 modernly equipped rooms (2 suites, 3 single rooms and 11 double rooms). The hotel offers halls and equipment suitable for convention tourism (the Convention Hall with 120 seats, the Green Salon with 80 seats, the Red Salon with 50 seats and the Banquet Hall with 30 seats). The hotel's facilities include a restaurant with 250 seats and a tavern with 200 seats which are connected, and a summer garden with outdoor seating for 500 persons, out of which 150 are protected by eaves. In addition to this, the hotel has a pizzeria and a pastry shop, with 100 indoor seats and 120 seats on the terrace, built in 1992. The *Yugoslavia Restaurant* offers 400 seats inside and 300 seats on the terrace. Currently, the Termal Hotel employs 90 people.

This natural health resort specializes in treating inflammatory rheumatism, connective tissue ailments, degenerative spine illnesses, damage to the central and peripheral nervous system, as well as primary and secondary infertility and gynaecological and obstetric disorders. The mineral water of Mataruška Banja Spa belongs to the category of sodium, magnesium, hydro-carboniferous and fluorinated and sulphuric thermal waters.

The assets of the Company include a permanent right to exploitation of the natural curative factor, or curative mineral waters and the right of use over the public parks covering an area of 12 ha.

Mataruška Banja lies in the central part of Serbia, 8 km from the Town of Kraljevo and 180 km south from Belgrade. It is elevated at 215 m above sea level, surrounded to its south and east side by the slopes of Stolovi Mountain and to its west side with the slopes of Troglav. A popular picnic area, Goč, is very near Mataruška Banja, around 35 km away, and the ski resort on Kopaonik is 80 km from the spa.

The mild continental climate in the area surrounding Mataruška Banja is extraordinarily mild and without strong winds. The air is clear and fresh thanks to, primarily, the configuration of the terrain, and its rich and diverse forest vegetation. The close proximity of the Ibar River makes this spa unique compared to other spas in Serbia.

Traffic connections

Mataruška Banja has ideal traffic connections and a good geographic location, with a developed road and railway network. The modern roads connect it to all larger and smaller places in Central Serbia, and through Kragujevac and Batočina to the Belgrade-Niš-Skopje highway. Mataruška Banja train station is only one kilometre distant from the spa centre; the railway represents the shortest route to Belgrade, Kosovo and Skopje. The airport in Lađevci is planned for future civilian flights, which will significantly reduce travel time of foreign guests to this attractive destination.



PC Mataruška and Bogutovačka Banja Natural Health Resort

Legal Entity Data

Business Name/DBA: PC Mataruška and Bogutovačka Banja

Legal status: state-owned company

Registered seat: Žička 28, 36201 Mataruška Banja

Legal representative: Dr Ljiljana Jevtić, Director

Date of foundation: 21/07/1998

Reg. No.: 7326394

Tax number - PIB: 101250510

Activity code: 8710

Activity name: accommodation facility with medical care

Key products: accommodation, restaurant and catering services, drinking water distribution, medical rehabilitation

Ownership structure: socially-owned company

Structure of capital: 100% socially-owned capital

Kraljevo

A Major Crossroads in Serbia

The Town of Kraljevo is in the central part of Serbia, in the heart of Šumadija, in a valley between several mountain massifs. It lies 208 m above sea level, in the valley of the Ibar and the West Morava Rivers. In the Roman Empire Era, the wider area around Kraljevo was part of the „Dubrovnik Road“, or a trade route between Dubrovnik and Constantinople. Today, Kraljevo is an attractive tourist destination, primarily, thanks to numerous nearby spa health resorts (spas - Mataruška, Bogutovačka and Vrnjačka Banja) and mountains in close proximity: Kopaonik, Goč, Čemerno, Kotlenik and Stolovi. It has a mild continental climate.

The Town of Kraljevo is a former industrial centre, the seat of mechanical engineering and the industry of refractory materials. These factories employed 37% of all the employed people in the town. The structure of employment has been significantly changed due to the process of deindustrialization, and today small and medium enterprises dictate economic activities in Kraljevo. The economy of Kraljevo encompasses 11 sectors, and the economy is predominantly influenced by companies handling **trade and processing industries**. Thanks to a good geographic position and traffic infrastructure, the Town of Kraljevo is the trade centre of the Ras District. The economy of Kraljevo accounts for **74% of the asset value and 72% of capital of the Entire Ras District**.

Kraljevo is the centre of the Ras Administrative District and the largest urban municipality in Serbia. It covers 1,530 km². It is 180 km south of Belgrade, in the central part of Serbia. The Ibar main road goes through Kraljevo, from Belgrade to Novi Pazar, where it splits to the road to Montenegrin coast and the one to Kosovska Mitrovica, Skopje and Greece. Another important road is the „West Morava Main Road“, which goes through Kraljevo and connects Bosnia and Herzegovina and West Serbia (Užice, Čačak) with European Corridor 10. The railroad network of the town of a total length of 125 km comprises Lapovo-Kosovo Polje – a single-track main railroad, and Stalać-Požega a single-track railroad. Morava – the military airport in Lađevci (12km) is occupying a strategically important location with potential for civilian flights. Kraljevo is 185 km distant from Priština, 400 km from the Adriatic Sea and 600 km from the Aegean Sea.





The site

INFORMATION ABOUT THE SITE:

Cadastral lot No. 190/7 of 8,437m²

Cadastral Municipality Mataruge, Kraljevo

Land under structure: 2,792 m²

Total area of built structures: 6,300m²

Number of structures: 1

Number of floors: 8

Number of registered structures: 1

The structure possesses a building.

Type of right:

-Concerning the structures:
ownership DP Mataruška and

Bogutovačka Banja;

Form of ownership: socially-owned

-Concerning the construction land:
ownership

Purpose: commercial activity – tourism
(hotel)

water

+

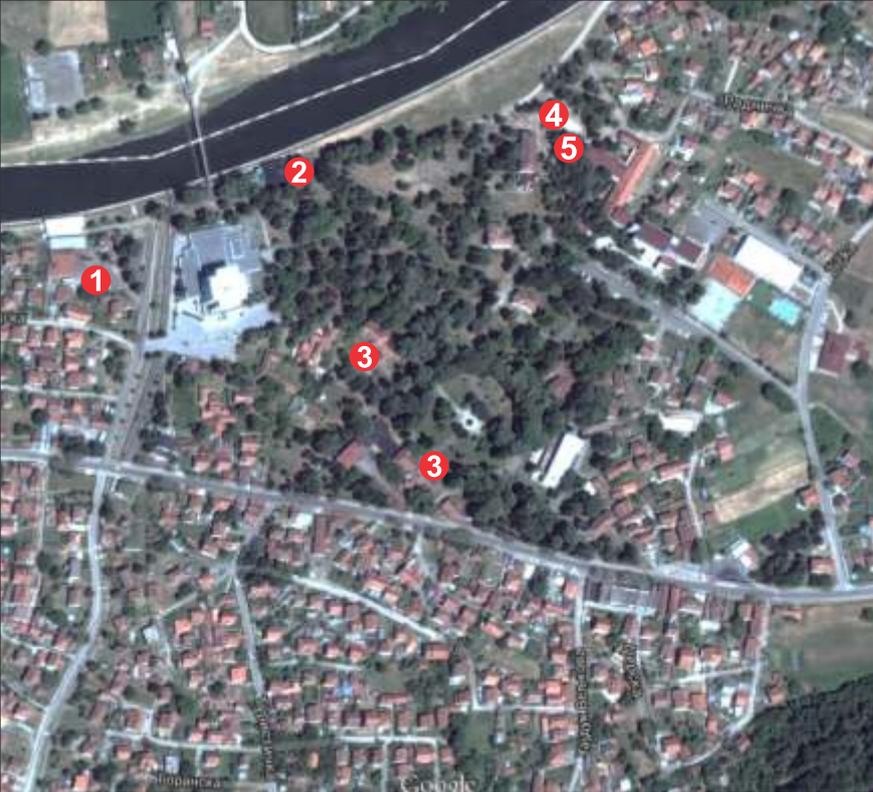
phone

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internet

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heating



Building Structures and Facilities

1. Hotel Termal Building



2. Restaurant with Terrace – KAPICA



3. Health Clinic and Bath Facility



4. Old Bath Facility



5. Storage and Laundry Facility



In addition to these structures, the complex includes 6 ancillary facilities: 2 storage houses, a garage, a boiler room, and a pump station for mineral water.

SWOT ANALYSIS

Strengths

Well-developed and well-known and most visited spa in the South Balkans region.
Curative sulphuric water, estimated as the strongest in Serbia coming from more than 1000 underneath the surface.
The curative effects of the water and air are suitable for treating rheumatism, gynaecological, neurological, posttraumatic conditions, and ailments of peripheral blood vessels...
Completely built hotel and medical infrastructure
Good geographical position, lies in Central Serbia, 8 km from Kraljevo and 180 km from Belgrade, close proximity to the ski resort in Kopaonik - 80 km away and the winter centre - Goč - 35 km.
The Company hasn't recorded losses above capital.

Opportunities

On 15 August, 2014, the Privatization Agency issued a public call for the privatization of the PC Mataruška and Bogutovačka Banja.

Weaknesses

Nothing has been invested in infrastructure and tourism capacities for years.
Underused available hotel capacities.
Insufficient promotion, which should come only after investments are made into the structure and renovation.
Lack of attractive content to entertain foreign guests.
Disrupted financial balance.
Increased VAT from 8 to 20%.

Threats

Prolonged privatization process.
The privatization of the PC Mataruška and Bogutovačka Banja implies that the Hotel Termal is up for sale together with Mineral in Bogutovačka Banja, which means that a potential investor should be interested in buying both hotels.

In line with criteria specified by the Law on Accounting and Audit, the Termal Hotel has been classified as a medium-sized legal entity by the number of employees and the average value of assets. Mataruška Banja and Bogutovačka Banja were incorporated in the nineteen eighties. For this reason, the Privatization Agency, responsible for the application of the Privatization Act, does not allow separate sale (or privatization) of these essentially different business units. Still, the recommendation is to find a potential buyer by means of an individual sale method, for the reasons of rationality and efficiency of the privatization procedure.

From 2008 to 2010 the Privatization Agency held twelve unsuccessful public auctions of Mataruška and Bogutovačka Banja – as a socially-owned company. Despite the fact that the value of this company has been estimated at 8.5 million EUR, in the last auction the starting price was reduced to 1.3 million EUR

The Privatization Act, together with the Law on Amendments and Addenda to the Bankruptcy Law has created conditions for the finalization of restructuring and privatization in Serbia. At the beginning of August 2014, 153 Serbian companies were subject to the restructuring process and 419 of them are in various phases of the privatization process. The new Privatization Act (*RS Official Gazette*, No. 83/2014) specifies December 31, 2015 as the deadline for the privatization process to be finalized for legal entities with remnants of the socially-owned capital in their equity. The basic privatization model anticipates the sale of capital and relieving the company of its burden of liabilities.

The subject of privatization must prepare an inventory and estimate of the fair value of the entire property status on the date of December 31 of the prior business year, in line with the accounting rules and international accounting standards and to submit data about inventory and a fair property appraisal and price to the Agency for Privatization, no later than 45 days after the publication of the public call for the expression of interest.

A letter of intent of a potential investor must include:

- a) Basic information about the interested buyer, or a strategic investor;
- b) Expressed interest in a particular brownfield structure or model of privatization;
- c) Indicative price proposal, investment program, framework business plan and the planned number of employees with indefinite employment engagement;
- d) Other data specified in the public call.

The Agency shall propose the privatization method, measures for alleviation of the company's liabilities and the initial price, no later than 45 days after the expiry of the time limit for the submittal of the expression of interest, as specified in the public call. The privatization method and alleviation measures are prepared only for those subjects of privatization which have obtained at least one letter of intent from a potential investor, found acceptable by the Agency. Pursuant to the law, the initial price for the sale of capital/property cannot be lower than a half of the appraised value of capital/property, and the new initial price, upon the second call for offers and public auction, cannot be lower than one-third of the appraised value of the capital/property.

