

Signing letter of intent in terms of planned privatization of Polish cableways

KRYNICA ZDRÓJ (October 13, 2011) – Four allied municipalities – Szczawnica, Krynica – Zdrój, Czernichów, Zawoj, and Tatry mountain resorts, a.s., a Slovak company, signed a letter of intent at the municipal office on October 13, 2011. The letter of intent was signed in order to create a public-private association with the intention to purchase the stocks of Polish cableways. The privatization of the company is planned at the end of 2011/ beginning of 2012.

The signed letter of intent represents weeks of negotiations over investment contracts. The contract should contain detailed terms of agreement between municipalities and private investors relating to the acquisition of Polish cableways.

Under the terms of the document TMR committed to fulfill the program of development of the Polish cableways to the municipalities. The Slovak company is expected to transfer funds to the association to purchase the shares of Polish cableways. Local governments will receive the right to have a real impact on decisions taken in relation to the management of the company. One of the special powers of municipalities will be a possibility to veto any plans for closure or disposal of facilities located on the managed areas; and to veto any split and sale of individual ski resorts.

A clause included in the letter of intent enables Zakopane and Kościelisko to accede to the agreement of the associated municipalities. In July of this year these two municipalities, along with four other municipalities on whose territories there are cableways and ski lifts included in Polish cableways, co-signed a declaration on cooperation in the privatization of the company that owns Polish cableways (State treasury). This document planned a creation of an association, whose mission should be to find a strategic investor to purchase the shares of Polish cableways.

"The signed declaration is the first real movement in the privatization of Polish cableways, defining the framework within which we can find common interest with the communities," Bohuš Hlavatý, chairman of Tatry mountain resorts, commented. "The provisions contained in the statement also confirmed that our intention is not shutting down the operations of Polish cableways. On the contrary, we see an enormous potential of the Tatras' region and other areas, which is also the reason why we want to develop their infrastructure," Hlavatý said.

Tatry mountain resorts is the owner and operator of lucrative ski resorts and hotels in the Low and High Tatras. It offers modern ski lifts and ski slopes, which service 45,000 skiers per hour. In the upcoming years TMR plans to invest capital expenditures of EUR 90 mil in Slovakia and abroad. Currently, TMR has the greatest interest in investing in southern Poland. It has been expressing interest in buying Polish cableways for a while. TMR will also consider investments in other Polish regions.

Tatry mountain resorts a.s. is the largest subject in the tourism industry in the Slovak Republic. It owns and operates attractive ski resorts and hotels in the Low and in the High Tatras. TMR's portfolio includes resort Jasná Nízke Tatry and hotel Grand Jasná, Tri studničky and Ski Záhradky hotels in the Low Tatras. In the High Tatras TMR owns and operates resorts Tatranská Lomnica, Grandhotel Starý Smokovec and Liptovská Teplička, as well as hotels Grandhotel Praha Tatranská Lomnica and Grandhotel Starý Smokovec, and Hotel FIS Štrbské pleso. TMR has already invested over EUR 70 million of capital expenditures into these resorts and plans to spend additional EUR 65 million on projects, which will be focused on increasing the standard and visit rate of our mountains in the following years. The latest acquisition by TMR is aquapark Tatralandia, the biggest Slovak thermal aquapark, which, besides water entertainment, also offers an entertainment in the Wild West style in the Western City, as well as accommodation in bungalows and apartments of Holiday Village Tatralandia.