



Cape MIMOZA

Tourist complex

About Atlas Group

- ▲ Atlas Group has over 30 members operating in the area of banking, financial services, insurance, real estate, production, tourism, media, education, culture and sport.
- ▲ Our companies have offices in Montenegro, Serbia, Cyprus and Russia
- ▲ Atlas Group is organised as a modern management unit with a main objective to increase the value of all member companies by improving performance, investing in new projects and creating of synergy between the member companies.
- ▲ Atlas Group operates in line with global trends promoting sustainable development and utilization of renewable energy sources.
- ▲ Philanthropic activities conducted through the Atlas Group Foundation, which is a member of the Clinton Global Initiative.
- ▲ Atlas Bank was awarded the status of the best Bank in Montenegro, and Atlas Group as best financial group for 2009. by world economy magazine "World finance".
- ▲ In order to promote its mission Atlas Group has hosted many famous personalities from the spheres of politics, business, show business and arts.



About Montenegro



- ◈ Located in Southeast Europe in the heart of Mediterranean.
- ◈ Extreme natural beauty and cultural – historical heritage (4 national parks, Old town Kotor under UNESCO protection).
- ◈ Area: 13.812 km²; population: 620.000; climate: continental, mediterranean and mountain;
- ◈ Capital city Podgorica with around 200.000 inhabitants.
- ◈ Borders with Croatia, BIH, Serbia, Albania and South part faces Adriatic Sea.
- ◈ Traffic connection: airports Podgorica, Tivat in Montenegro and airport in Dubrovnik, Croatia, port of Bar and Porto Montenegro, good connection of roads with international traffic.
- ◈ Currency: EUR
- ◈ Achieved political and economic stability – in the process of joining: EU, WTO and NATO
- ◈ Economy is largely oriented towards real estate and tourism development– stimulative investment climate (*income tax 9%, VAT 17%, customs rate 6,6%, tax on real estate transaction 3%*).
- ◈ World Bank in 'Doing business' report for 2012. placed Montenegro per easiness of doing business at 56th position out of 183 countries.
- ◈ Average income of direct foreign investments in Montenegro in past 3 years was app. 850 million EUR.
- ◈ Average GDP in past 3 years is app. 3,1 billion EUR (FOR 2011. increase between 1,5% and 3% is expected); Average inflation rate in past 3 years is app. 3%.

Direct lines

From airport: Podgorica, Tivat and Dubrovnik

TIVAT

PODGORICA

Belgrade	Vienna
Niš	Ljubljana
Moscow	Ancona
ST. Petersburg	Bari
Copenhagen	Rome
London	Napoli
Paris	Brindizi
Zurich	Budapest
Frankfurt	Istanbul

DUBROVNIK

Berlin
Frankfurt
Rim
Munchen
Zurigo
Athens
Barcelona
London



Legenda

- Highway
- Adriatic highway
- Road mark
- Airport
- Port
- Marina
- Ski center



About Herceg Novi

- ▶ Herceg Novi is Montenegrin coastal town with around 33.000 inhabitants.
- ▶ It is located at the entry of Bokokotorski bay and represents one of 10 most beautiful bays in the world.
- ▶ Herceg Novi has long tradition and rich cultural-historical contents, archeological sites, numerous churches and monasteries and legacies of various peoples and civilizations that ruled in this region.
- ▶ Herceg Novi is the city of festivals (film festival, festival of Mimosa, muzic festival) and it 'lives' throughout whole year.
- ▶ Herceg Novi has long tradition of health tourism.
- ▶ Herceg Novi has an excellent traffic connection given that it is in proximity of border with Croatia and BiH.
- ▶ Distance from Tivat airport is 30 km, from Dubrovnik airport 27 km and from Podgorica airport 113 km.
- ▶ Within Riviera there is city marina and Port Zelenika, and from Porto Montenegro it is 26 km away.
- ▶ Currently present foreign hotel operators in Herceg Novi Riviera are: Hunguest hotels and Israeli Club Hotel Riviera

Short market review

Real estate and Tourism in Montenegro

RESIDENTIAL REAL ESTATE AND APARTMENTS

In the offer there is lack of attractive real estate hence why the trust of Investors for construction within exclusive zone of Montenegrin coast is present.

Prices in mentioned zone range from 3.500 to 5.000 €/m²

In demand 62% of foreign real estate buyers in Montenegro buy for their own needs; 24% buy for their own needs and renting; about 10% buy for investment purposes; 4% are those who continue to live in Montenegro after purchase. Apart from that, the presence of Russian community that creates additional demand for new commercial, social and cultural contents is rising.

In Montenegro mainly buyers come from Russia, Great Britain and Ireland. In previous period there was high level of older generation buyers from high standard countries who spend whole year in Montenegro due to suitable climate and low living costs.

Table 1: Real estate prices in exclusive zone along the coast

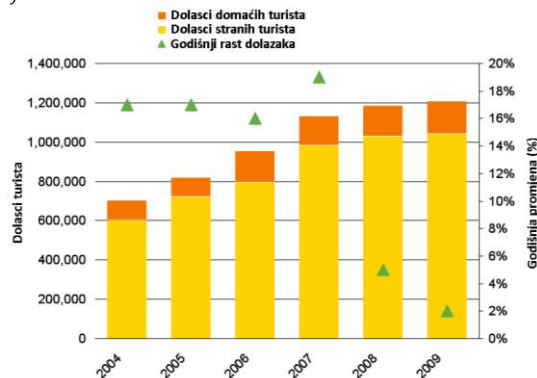
Project	Location	Price (€/m ²)
Savina settlement	Nerceg Novi	3.000 - 3.500
President	Igalo	1.900 - 2.200
Porto Montenegro	Tivat	4.000 - 5.000; penthouse 7.000
Island view Resort	Tivat	2.000
TQ Plaza	Budva	4.200 - 4.600; penthouse 7.000
Tre Canne	Budva	3.000 - 4.000
Apartments	Pržno	3.500 - 5.000
Ave Maria Koljčević	Reževići	4.000
Apartments	Petrovac	2.500 - 3.500
Flats/Apartments	Bar	2.000 - 3.000

Source: Real estate market analysis in Montenegro, Century 21 Capital Real Estate/Fin Invest research

Table 2: Accommodation prices at major hotels at Montenegrin coast.

Hotel	Location	Category	Capacities (rooms and apartments)	Price per night (per person, average €/day)
<i>Hunguest Hotels</i>	Herceg Novi	****	229	100,00
<i>Club Hotel Riviera</i>	Herceg Novi	****	180	140,00
<i>Aman Resort</i>	Budva	*****	58	900,00
<i>Splendid</i>	Bečići	*****	341	250,00
<i>Avala</i>	Budva	*****	227	200,00
<i>Queen of Montenegro</i>	Bečići	****	236	120,00
<i>Iberostar Bellevue</i>	Miločer	****	578	105,00
<i>Maestral</i>	Pržno	****	214	180,00
<i>Monte Casa</i>	Petrovac	****	63	140,00
<i>Hotel Princess</i>	Bar	****	138	90,00
<i>Ruža vjetrova</i>	Bar	****	21	150,00

Source: Booking.com/market analysis



Source: Monstat/Savills

TOURISM AND HOSPITALITY

In Montenegro in past 10 years there is constant rise of tourist visits and overnights. This trend continues in 2009, 2010 and 2011. despite the effects of global crisis.

Presence of tourists from region is 45%; tourists from EU members is around 37%; Russian tourists 14%;

Guests in average stay for 6 nights per visit which shows that Montenegro is good destination for relax.

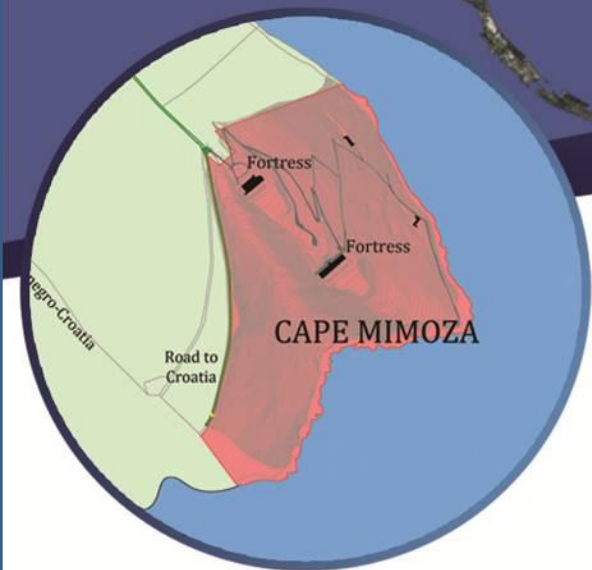
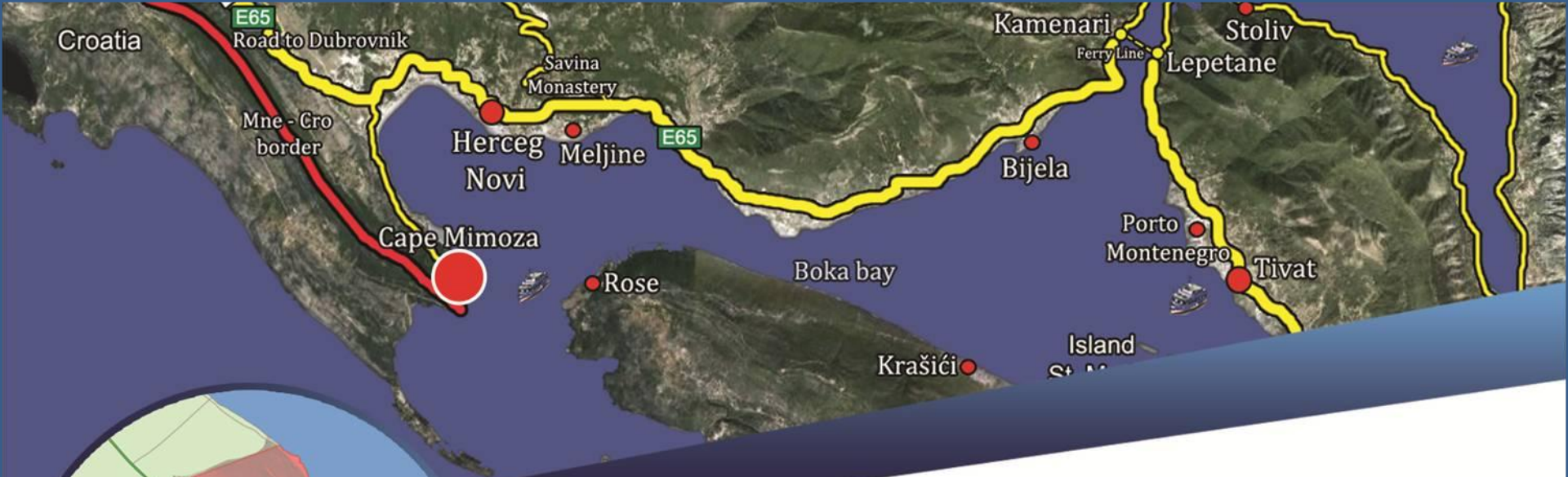
There is increased interest for investments at coast in accordance with intention of state to reduce/waive communal charges for development of hotel business of high category.

Montenegro was placed among 10 most popular destinations for congress tourism by "Travel daily news" magazine in 2011.

Presence of British Tour Operator "TUI UK & IRELAND" and inclusion of Montenegro into their network should mean arrival of about 35.000 new tourists which should significantly prolong the tourist season.

Also, arrival of low cost companies is announced for 2012.

In Montenegro there are following global hotel operators: Aman Resorts, Iberostar, Hunguest Hotels, Hit Gorica, Korston Hotels; and the following are announced for coming: Kempinski, Hilton, Four Seasons, Banyan Tree.

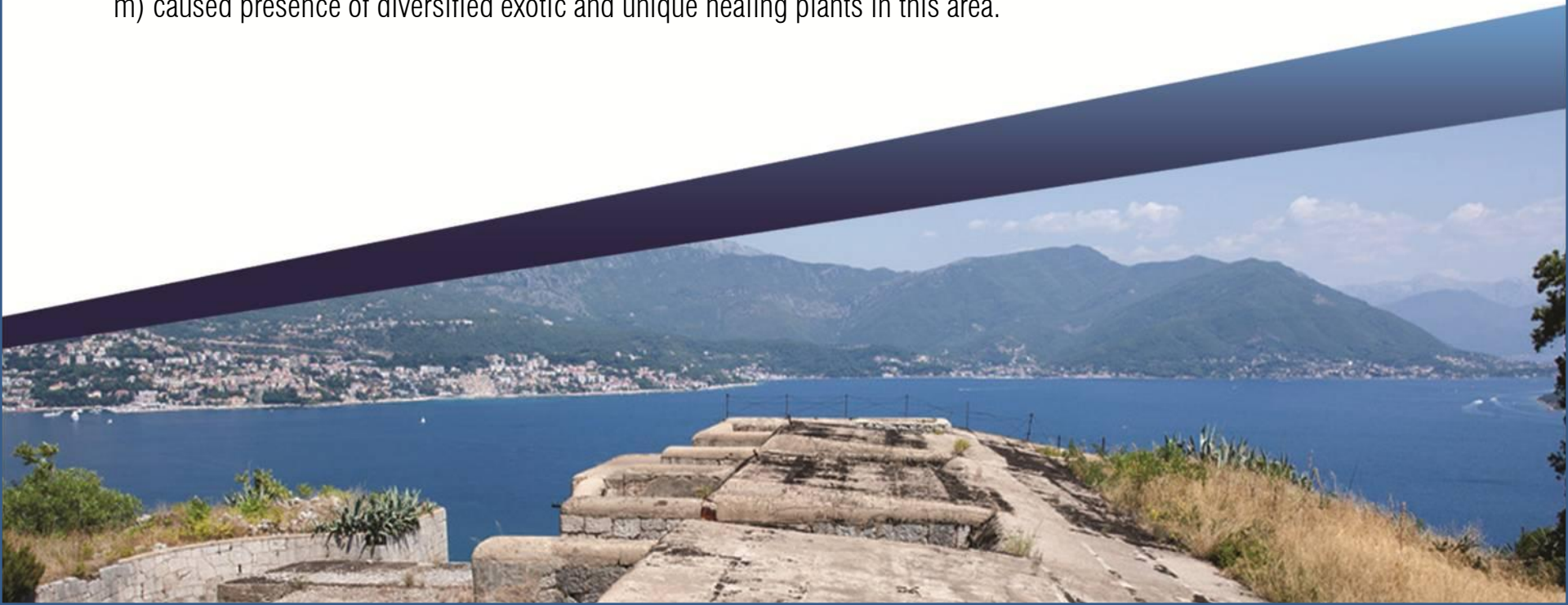


Location

- ▶ Cape Mimoza is at the entry to Bokotorski bay, at border with Croatia.
- ▶ At location there is highway that connects Montenegro to Croatia, and location faces the sea by its whole length.
- ▶ Location stretches at around 310.000 m²
- ▶ At location it is possible to construct tourist settlement of area around 200.000 m²
- ▶ Terrain configuration provides magnificent view towards sea and mountains above Bokotorski bay.

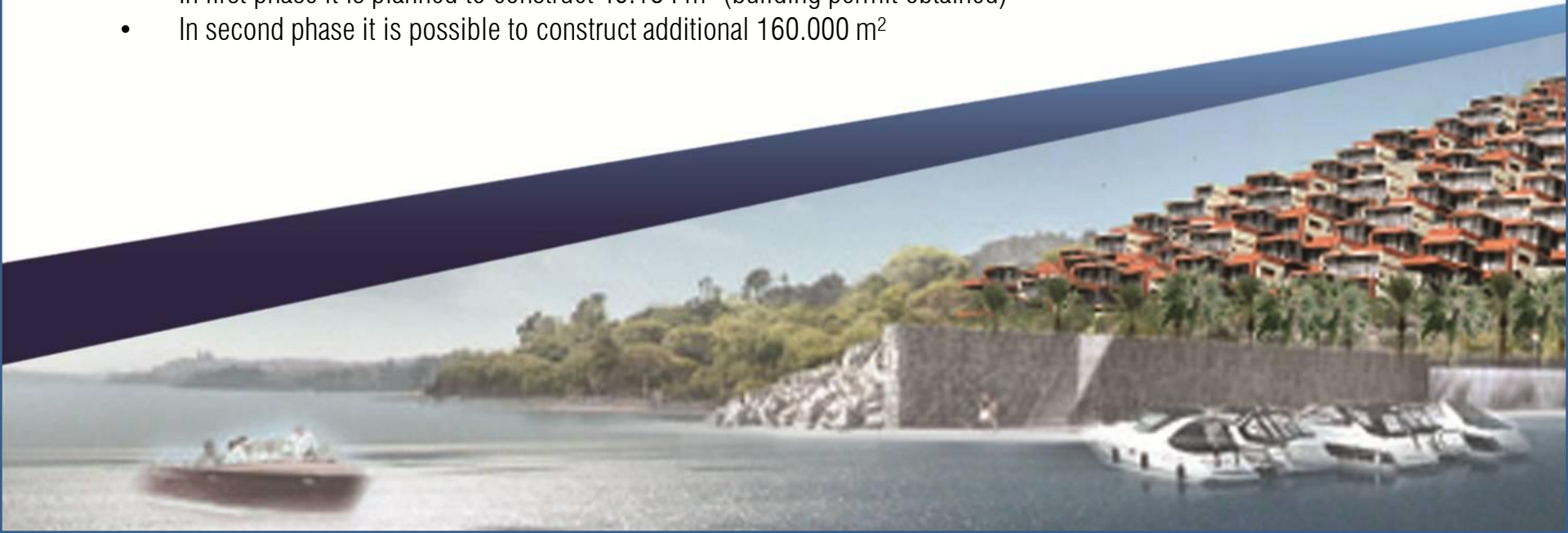
Cape Mimoza

- ▶ Cape overlooks old Herceg Novi settlement, that represents unique architectural unit rich in cultural-historical heritage of various civilizations, that were present in this region for centuries.
- ▶ At the location there are two fortifications from Austro-Hungarian period, and small dock for ships from that period.
- ▶ Across Mimoza there is popular summer venue and historically important monument Island Mamula, Health tourist complex Meljine, popular beaches at Luštica, Dobreč and Žanjice.
- ▶ Geographic position and suitable climate, mixture of sea and mountain effects of Dinaric mountain massive Orjen (1.895 m) caused presence of diversified exotic and unique healing plants in this area.



Project

- Location in investment sense is very suitable given that it stretches on huge area along the coast.
- Project offers incredible development possibilities because it leaves space for creation of significant urban settlement – ‘small city’, with all auxiliary contents.
- In accordance with high demand for luxury hotel, apartment and commercial catering contents this location has perfect offer.
- The position, size, accessibility and good traffic connection of future project goes beyond local framework and can be positioned as significant and recognizable project in whole region and wider.
- Project development is divided in two phases:
 - In first phase it is planned to construct 46.184 m² (building permit obtained)
 - In second phase it is possible to construct additional 160.000 m²



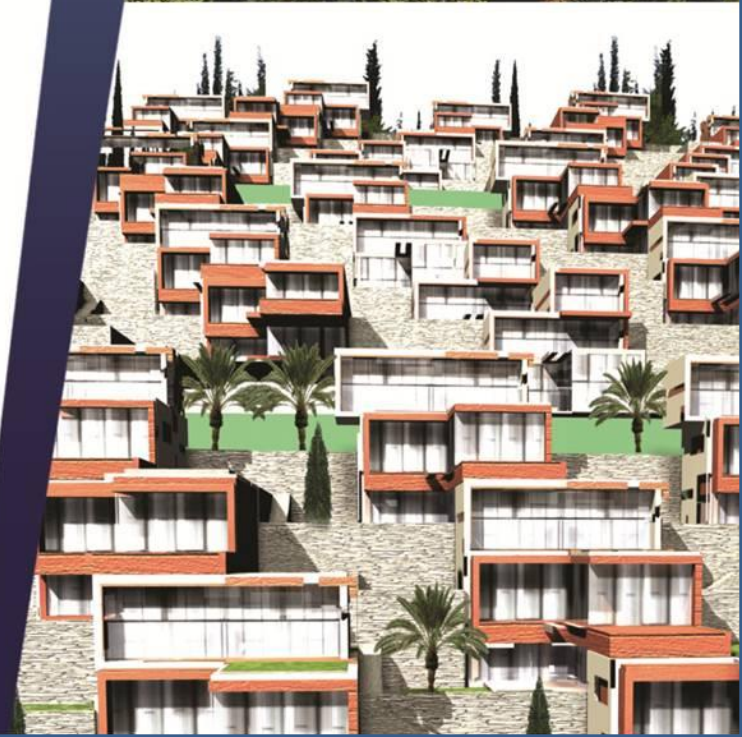
Project

- Project function:
 - hotel public area and contents,
 - sports facilities, recreation and therapy,
 - apartments in objects in up to 4 levels
 - green areas
 - communal objects
- Total capacity is 2500 beds in apartments and 300 beds in hotels
- For this project the Ministry issued urban technical conditions.

Location parameters	Values
Total location area	309.905 m ²
GDCA	App. 200.000 m ²

Added values

- Partnership relation with state and Herceg Novi municipality.
- Possibility of project phasing with the aim of reduction of investment risk and meeting market trends
- Possibility of leasing the coastal belt for longer period from the State for the needs of project.
- As MNE approaches EU it is expected that real estate prices will grow, especially in coastal area.



References



Economic parameters

- Based on market analysis and future trend projections analysis of urban parameters is made for location of Cape Mimoza and following parameters are obtained:

<u>ANALYSIS RETURN (including project value after certain cycle)</u>	
Project Budget	€ 503.509.111
Own equity investment	€ 201.403.643
Profit (summary cash flow including own equity)	€ 283.677.632
IRR	21%
Number of increase regarding own invested equity	1,4
NPV (as per discount rate of 15%)	€ 41.069.452
Repayment Period (as 0 year 2011 is taken)	3,5





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